FINANCIAL TIMES

No. 27,750 Thursday December 28 1978

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pts 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Turkey sets up special courts

Turkey is to set up special military courts in seven major cities in an attempt to prevent a repetition of the rioting in which more than 100 people have died.

The announcement said 54 military judges and prosecutors were being appointed to new courts in Istanbul, Ankara, Adana and four other cities.

Turkish radio said that at least two more people had been killed in political feuds.

Prime Minister Bulent Ecevit said that the martial law imposed in 13 provinces was intended to end terrorism, not suspend democracy. Back page

Gloomy outlook for papers

A market analysis says one or more Fleet Street newspapers could fall victim to declining circulations and the survey is pessimistic about both London evening papers. Page 5

Fresh moves to end the strike by 9,000 provincial journalists will be made by both sides next week. Page 6

Israel arrests

Israeli troops arrested leaders of 50 families which tried to establish two illegal settlements overlooking Jerusalem. Page 3; Editorial comment, Page 10

Boumedienne dies

President Boumedienne of Algeria has died of a rare blood disease. He had been in a coma since mid-November. President Boumedienne, aged about 50, came to power in 1965. Back and Page 10

Cocaine haul

Five people were held in London after customs officers seized cocaine worth more than £80,000 on the black market which had been brought through London Heathrow airport. The five are two Peruvians, two Britons and an Argentinian.

Stay-aways

Much of the UK continued its Christmas holiday, with commuter traffic into London nearly 50 per cent below normal. Government offices are closed until today. Page 6

Oilrig probe

An investigation has been started into the collapse of a North Sea launching frame as a result of which two men in a mini-submarine were marooned on the seabed for more than six hours on Christmas Day. It happened in the Ninian Field and the men were rescued unharmed.

Nuclear leak

A gallon of radio active water is dripping into Lake Ontario every hour from a cooling system leak at the Pickering nuclear station. The station says the leak, so far untraced, presents no hazard. The contaminated water mixes with 60m gallons of ordinary water every hour.

Keegan wins

Kevin Keegan, the English international who plays for SV Hamburg, has been named European Footballer of the Year in the annual sports writers' poll organised by the magazine France Football.

Briefly...

Thousand protests have been received over the planned Coal Board "super-pit" near Stafford.

Mersey ferry service was disrupted when one ferry hit a landing stage at Liverpool.

Four armed men snatched SwFrs 2.7m (about £850,000) outside a Geneva bank.

About 2,000 non-whites at a Windhoek, Namibia, uranium mine are on strike over pay.

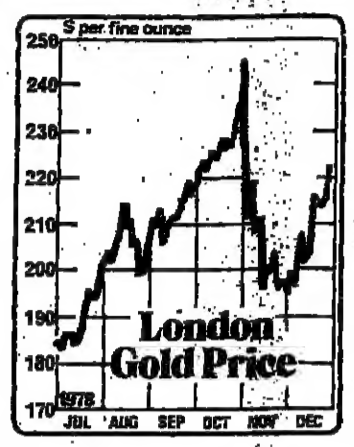
East German educationalists say playing chess helps develop the "perfect socialist personality."

BUSINESS

Wall St. down 7; Gold rises $7¼

● WALL STREET closed 7.45 down at 808.56 on the weakness of the dollar and the situation in Iran.

● GOLD rose $7¼ to $222¼ in London, and in New York the Comex December settlement price was $222.80 ($215.80).



● EQUITIES, which began with a firm undertone, attracted very small business, and gloomy news from the Esso petrol drivers left the FT ordinary index 1.1 down at 478.2.

● GILTS remained near Friday's closing levels and the Government Securities index eased 0.01 to 68.66.

● STERLING rose 3.1 cents to $2.0370 and its trade-weighted index rose to 63.8, its best since March (63.4 on Friday). The dollar's depreciation widened to 9.7 per cent (9.4).

● LEAD prices rose on the LME on news of the closure of a big lead smelter in Germany because of fire. Cash lead rose £12.25 to £442 a tonne. Page 15

● TOKYO markets were very active and the Nikkei Dow Jones index rose 53.48 to 5,979.08.

● RIO TINTO-ZINC group's Rossing uranium mine in Namibia has been hit by a strike by about two-thirds of the black labour force. The dispute centres on a new unified wage scale. Page 12

● WORLD STEEL output grew by 6 per cent in 1978 to a record 712.5m tonnes, according to preliminary figures released by the International Iron and Steel Institute. Page 2

● JAPAN'S Economic Ministers have approved a 6.3 per cent real economic growth target for the fiscal year beginning on April 1. Page 2

● ROLLS-ROYCE will get a £10m share of a British West Indian Airways order for two Lockheed TriStar airliners with RB-211-524 engines. The Lockheed order is worth about £40m. Page 5

● CANADIAN PACIFIC group has made a bid for full control of MacMillan Bloedel, Canada's largest forest products company. Back Page

● THE POST OFFICE hopes to announce the setting up of a new international marketing company for telephone exchange equipment early in the New Year between the Post Office and the three main manufacturers of switching equipment. Back Page.

Parts plan at BL

● BL CARS may place valuable contracts in the private sector for components in order to cut spending on the £28m plan to double Land Rover and Range Rover models. Back Page

● SHIPBUILDERS' plan to cut UK shipyard capacity by 35 per cent with the loss of 12,300 jobs within three years has been sent to the Industry Department. Page 6

● BUILDING workers' union, the Union of Construction, Allied Trades and Technicans has called for a total review of the building industry's wage structure as part of its pay claim. Page 6

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			
Avana	78	+	4
Baker Perkins	150	+	4
Cartiers	113	+	5
Cullens A	128	+	8
Farm Feed	67	+	5
Lovell (Y. J.)	111	+	5
Nichols (J. N.)	260	+	23
Saga Holidays	177	+	4
Smurfit (J.)	194	+	3
Sound Diffusion	65	+	5
Wade Potteries	40	+	3
Kuala Kepong	71	+	2
Conzinc Riotinto	292	+	12
De Beers Defd.	378	+	10
Vaal Reefs	£13	+	½
FALLS:			
Brentnall Beard	34	—	6
Glaxo	510	—	5
Mills, Allen Intl.	225	—	7
Tunnel B	310	—	12
Shell Transport	573	—	5
Castlfd. (Klg.) Rub.	290	—	5

Anti-Shah protests go on and oil export halt causes concern


The chanting crowds in Tehran yesterday.

Iran rations fuel as crisis deepens

BY SIMON HENDERSON IN TEHRAN

Iran introduced oil rationing yesterday as the strike of oilfield workers worsened and violent anti-Shah demonstrations shook Tehran for the fifth successive day.

Oil production has dropped to 487,000 barrels a day, compared with a normal 5.4m barrels. It is feared that this may drop within a couple of days as low as 200,000 barrels as the political protests against the Shah by oil workers intensify. A complete closure of production is no longer ruled out.

There is a feeling among observers that opposition to the Shah is reaching a new peak, perhaps the highest so far because of the troubles in the oil fields which are not meeting Iran's normal domestic demand of about 600,000 barrels a day.

Crude oil exports ceased two days ago, and the Government has been forced to ask religious leaders one of the main centres of opposition, to appeal to striking workers to consider the impact on the country if the oil stops flowing completely.

Strikes are also affecting the oil refineries, which are either closed completely or producing only a fraction of their normal amount. Public service workers, a particularly militant body, have similarly disrupted their sector. Yesterday Iran Air workers struck indefinitely, curtailing both internal and external routes, in a gesture of political solidarity.

Expatriate and senior Iranian oil employees of the Western-owned consortium companies continue to stay at home in the southern oilfields on the advice of their management, since the assassination last Saturday of two senior executives, one an American.

At Khargh Island, main crude export terminal in the Gulf, 60 tankers are reported waiting to take on shipments.

So far no details have been announced of how domestic oil will be rationed, but the effect will be wide-ranging. Not only

Continued on Back Page
Other developments Page 4

South Africa also faces strict curbs

BY QUENTIN PEEL

JOHANNESBURG — Petrol rationing and strict curbs on fuel consumption by commerce, industry, mines and public transport may be introduced in South Africa as a result of the continuing disruption of oil supplies from Iran.

Mr. Chris Heunis, the Minister for Economic Affairs, gave a clear indication yesterday of the increasingly grave concern of the South African Government over the Iranian disturbances with his announcement of a working party to investigate ways of cutting South Africa's fuel consumption. South Africa is overwhelmingly dependent on Iran for its supplies. More than 90 per cent of oil imports come from there.

Stockpile

Mr. Heunis said that alternative sources of supply of crude oil were being sought as a matter of urgency, and conservation measures aimed at cutting diesel fuel consumption would be brought forward from March 9 to January 15. The lack of any other immediate measures shows the Pretoria Government's limited room for manoeuvre without there being a disastrous effect on the current faltering economic revival.

Although South Africa has a strategic stockpile of crude oil estimated at between 18 months' and three years' supply, and commercial stocks put at up to six months' supply, its inability to find reliable alternative sources to Iran is becoming apparent. Oil industry executives believe that no other major oil supplier would be prepared to risk the political opprobrium of becoming a significant South African supplier, so that the Government is forced to buy at a heavy premium on the spot markets.

Measures

Mr. Heunis said in Cape Town yesterday that the establishment of a working party of Government and oil company representatives was not a panic measure, but a precautionary move, given the situation in Iran.

Existing fuel conservation measures—including a speed limit of 70 kilometres an hour for all vehicles, and restrictions of petrol station opening hours—would be extended to include diesel as well as petrol from January 15 rather than March 9 as originally planned. But they would affect only the primary sector, the Minister said. The major fuel consumers were commerce, industry, transport and the mines, and the possibility of savings in those key fields would be considered by the study team.

Reduce

Mr. Heunis had announced last week that a 10 per cent petrol price increase would be devoted in part to a special fund to be used to offset the price of crude oil obtained at a premium on the spot markets. It is estimated here that unorthodox methods of oil buying could add a further 15 per cent to the price South Africa pays, in addition to the effective 14.5 per cent increase announced by the Organisation of Petroleum Exporting Countries.

One major factor precluding further restriction of petrol sales alone is that South Africa's refineries are producing a surplus in order to meet the much steadier demand for diesel fuel. The Government must therefore take account of industrial fuel consumption if it is to reduce actual crude oil imports, given the fairly rigid proportions of petrol and diesel obtainable from a barrel of oil.

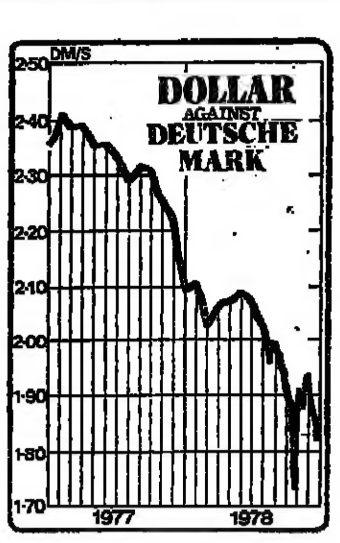
Appealed

Mr. Heunis stressed the seriousness of the situation facing the country, and appealed to consumers to do everything possible to reduce their consumption.

L. Daniel reports from Tel Aviv: Talks are believed to have been in progress in Washington for the last week between Israeli and U.S. representatives on whether to launch the programme for the emergency supply of oil to Israel. This is *in the light of the suspension* of exports from Iran, which has been supplying more than 50 per cent of Israel's crude oil requirements.

£ in New York

—	Dec. 27	Previous
Spot	$2.0365-0385	$2.0125-0145
1 month	0.27-0.22 dis	0.20-0.10 dis
3 months	0.48-0.41 dis	0.50-0.35 dis
12 months	2.10-1.95 dis	2.00-1.80 dis



Dollar falls sharply

BY MICHAEL BLANDEN

THE DOLLAR fell sharply in fairly active foreign exchange market trading yesterday, in spite of further support by central banks in Europe and the U.S.

The weakness of the U.S. currency was blamed on several factors, including concern over the political unrest in Iran and the U.S. trade figures due to be published today.

Official intervention in the market was limited, with central banks apparently buying dollars only to smooth the fall, rather than trying to resist the downward pressure.

The dollar's value against a basket of currencies, as measured by the Bank of England index, fell by 0.6 per cent from 83.4 to 82.9.

The pound was one of the main beneficiaries of the dollar's decline, ending the day's trading in London with a rise of 3.1 cents at $2.0370. Sterling's trade-weighted index rose to its best level since mid-March at 63.8, compared with 63.4 on Friday.

The gold price also reflected the currency movements, rising sharply by $7¼ to end in London at $222¼ an ounce.

The dollar was not helped by the upward trend of interest rates in the U.S., and lost ground against the main European currencies. Against the West German mark it fell to DM1.8315 at the close, after touching DM1.82, compared with DM1.8540 on Friday.

The Swiss franc improved to SwFr 1.6155 to the dollar against SwFr 1.6437½, and the French franc maintained its recent strength with a rise to FFr 4.1550 to the dollar compared with FFr 4.25.

The Japanese yen, however, remained relatively weak, slipping to Y194.5 to the dollar against Y194.

Editorial comment, page 10

Meetings tomorrow hold key to tanker strike

BY ALAN PIKE, LABOUR CORRESPONDENT

SHOP STEWARDS meeting in London tomorrow hold the key to whether the impending national strike by tanker drivers will go ahead from next Wednesday.

After last week's decision by Transport and General Workers union officials to recommend to Esso drivers a new offer worth up to 15 per cent, union leaders began a flurry of renewed negotiations with the other major oil companies yesterday.

By last night, the union had reached agreement on a similar-sized pay package with Mobil. This will be recommended to a recalled shop stewards meeting tomorrow afternoon. Details of the proposals are not being announced before the meeting.

After reaching agreement at Mobil, Mr. Jack Ashwell, national secretary of the Transport and General Workers' Union responsible for lorry drivers, and his colleagues, began negotiations with Shell management on a new offer from the company. Today, the union will resume talks with BP and Texaco.

The new Esso offer which provoked the resumed negotiations with other companies received a mixed reception at depot meetings of drivers around the country yesterday. Union officials were confident that the package would be accepted, but it was voted down at the Stanwell terminal in West London—which serves Heathrow Airport—at the Fawley refinery and at Glasgow.

However, the exact reaction will not become clear until union officials meet in London to-morrow to consider the voting from all Esso's five terminals and 34 other depots.

The company said yesterday that, while the complete picture was still unclear, a number of depots had voted in favour of accepting the offer. More meetings will be taking place today.

Productivity provisions in the new Esso offer — an element which can be expected to appear in resumed negotiations with at least some of the other companies — are provoking opposition at some depots. Men at Fawley complained that they were being asked to make substantial improvements in productivity "for £3 per week."

The tanker drivers have been seeking basic rate increases and other improvements which the companies say amount to a claim of more than 50 per cent.

If their strike goes ahead, it will lead to severe fuel shortages, and the Government has warned union leaders that troops would be used to maintain essential supplies.

All the signs are that union leaders are working to avert next week's threatened strike, but recommendation of new offers gives no guarantee that they will be accepted by their members.

Earlier this month, the Mobil negotiators, who will be facing their delegates again tomorrow, failed to persuade drivers to accept a package worth 11 per cent.

Rhodesian Minister resigns

BY TONY HAWKINS

SALISBURY—Mr. Rollo Hayman, Rhodesia's joint Minister of Internal Affairs, resigned from the transitional Government yesterday, accusing Mr. Ian Smith, the Prime Minister, of leading white Rhodesians "into a trap."

Mr. Hayman said Rhodesia would do better to accept a British administrator, as suggested in the Anglo-American settlement proposals, than to go ahead with the planned one-man, one-vote elections in April. These, he said, would not be recognised internationally and would not end the six-year-old guerrilla war.

The defection of Mr. Hayman, a member of Mr. Smith's Rhodesian Front party, is a severe blow for the Prime Minister, demaging the credibility of the interim Government only a month ahead of a referendum among whites on its constitutional plans. For the last 10 months he has been one of the two Ministers charged with organising April elections.

Mr. Hayman, who said he would resign his seat in Parliament and fight the subsequent by-election as an independent, is the fifth member of the 10-month transitional Government to resign or be dismissed.

Mr. Hayman said: "The time has come for the Rhodesian Front to change course. Because they will not, I am leaving the party. I do not want to live under a Marxist Government."

He said that his disagreement concerned the viability of the Government to be set up after the April 20 majority rule elections.

Mr. Hayman said: "The new Government will probably not be recognised, will be subject to sanctions, denied military assistance and in the face of intense Communist-inspired pressure will probably fall in a matter of months."

He argued that, instead of proceeding with the April elections, the transitional Government should re-open negotiations with the British and U.S. Governments.

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

IFO REPORTS RISING BUSINESS CONFIDENCE

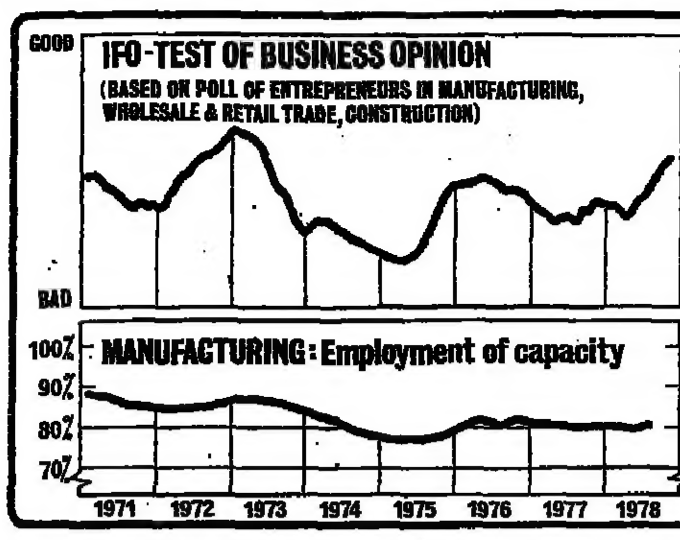
Bright outlook for German industry

BY ADRIAN DICKS

BONN — Manufacturing industry in West Germany is now *more confident* about the current business climate than at any time in the past four years, according to the latest of the Munich-based IFO institute's regular surveys, taken last month.

An increasing number of companies reported not only an improvement in current conditions, but also a further strengthening of the outlook for the next six months. The institute attributes this judgment *in part to a recovery during* the late autumn in export prospects, already partly reflected through Government figures showing an increase in new orders from abroad.

The IFO survey, often regarded *as the most* reliable barometer of the West German economy's short-to-medium term behaviour, reports a further *rise last month both of* current production and of new orders. More companies were planning to expand output, and although only a few were preparing to raise prices, IFO notes that in November 1977 the picture was still one of price erosion.



A further sign of improvement last month appeared to be the broader range of industries reporting better capacity use *and better sales, with chemicals* and non-ferrous metals companies among those now taking a more bullish view.

The institute also records the sharp pick-up in steel orders in November, though the strike in the industry which began at the end of last month will have cancelled out this improvement.

Among capital goods industries, the main gains in confidence appear to have been in the electrical engineering and mechanical engineering sectors. Office machinery and data processing manufacturers, who best weathered the past two years of intermittent, sluggish recovery, are once again reporting a further increase in demand.

Meanwhile, new figures issued by the Bonn Economics Ministry suggest that companies have some reason to take the more optimistic view of profits that is held to be the main requirement for higher investment. *Herr Martin Gruener, State* Secretary at the Ministry, has disclosed in a Parliamentary reply that between 1975 and 1977, income from dividends and investments rose 7.6 per cent, compared with a 6.2 per cent increase in wages and salaries. A similar development for 1978 is expected.

Count Otto Lambsdorff, the Economics Minister, expressed satisfaction yesterday that the current phase of recovery had "further strengthened," but also warned that it should not be taken for granted. It was still too early to assess the *international implications of the* latest round of oil price increases, he said.

Nonetheless, the view is gaining ground in West Germany that the real Gross National Product growth will be about 4 per cent in 1979.

Mr. Anker Joergensen

Denmark's unions flex their muscles

By Hilary Barnes in Copenhagen

DENMARK'S BIENNIAL centralised wage bargaining between the trade unions and the employers' federation often end up as an exercise in brinkmanship and it can be difficult to distinguish the theatrical thunder from the serious issues. This time, however, the negotiations are overshadowed by an unprecedented confrontation between the trade union movement and the Social Democratic Party, the two wings of the *labour movement.*

In August the Social Democrats formed a coalition with the Liberals in the teeth of opposition from the unions which have so far refused to accept the party's decision to join forces with its traditional arch-enemies. There is thus a lurking danger that it will use the wage negotiations to bring about a confrontation between itself and the executive power.

At a congress of the party this month Mr. Thomas Nielsen, *chairman of Landsorganisationen* (Trade Unions Congress), expressed the hope that the Government would not survive another 100 days. *From what* he has said subsequently he seems to see the wage negotiations as a possible means of bringing down the Government.

Prime Minister Anker Joergensen, who is also chairman of the SDP, took the initiative for the formation of the coalition. He wanted to form a government with greater *political staying power* than his Social Democratic minority Government.

The problems which the unions *are capable of creating* in connection with the renewal of the collective wage agreements next spring—the current agreements expire on March 1—were undoubtedly a factor in causing Mr. Joergensen to enter into this partnership with the Liberals.

Mr. Joergensen may, however, have under-estimated the *anger which his move would* cause in the unions.

Mr. Nielsen claims that the unions were not properly informed when the *coalition* was formed—it was a "coup," he constantly complains. For example, the coalition's first act was to increase value added tax from 18 per cent to 20-25 per cent in order to restrain spending and protect the foreign exchange reserves. To the unions this was another attack on real wages, which over the *two years of the current agree*ment have fallen by about 1 per cent, thanks to increases in indirect taxes.

The formation of the coalition also meant that the party had to drop several union-inspired proposals for reform. These included housing and tax reforms which had all the signs of being electorally disastrous. It would certainly have been fatal for the minority Government to have tried to push them through the Folketing. The most crucial of the reform proposals was a union-backed plan for the introduction of "economic democracy," a scheme for wage-earner co-ownership. The unions have proposed that 10 per cent of net corporate profits and 1 per cent of the wage bill should be paid into a union-controlled central investment fund. Two-thirds of the contributions to the fund would remain in the individual companies as wage-earner capital, held by the fund. It is a scheme for the gradual take-over of capital by labour.

The unions started out by trying to write their reform proposals into the wage negotiations, but dropped the idea when employers flatly refused to begin negotiations on wage issues as long as the unions insisted on discussing co-ownership.

The issue has not however been forgotten. Mr. Nielsen has *declared that if the wage negotiations* break down, the unions will bring the nation to a halt by calling out the power workers and oil and petrol tanker lorry drivers.

This, he believes, will force the Government to intervene, and at this point the unions will offer to co-operate in an incomes policy if the Government agrees *to make a start on reforms* leading towards co-ownership. This would put the Government on the spot, because a politically-imposed wage settlement without a move towards co-ownership would split the Social Democratic *parliamentary* group—or so Mr. Nielsen believes. But if it included a move towards co-ownership it *would be unacceptable to the* Liberals.

Price index fillip for the French

By David White

PARIS — The French Government received two fillips for its *economic policy yesterday* — favourable inflation figures and signs of moderate optimism from industry.

November's consumer price index showed a rise of 0.5 per cent, the lowest since January and sharply down from October's 0.9 per cent. The 11-month total of 9.2 per cent leaves the Government within reach of its target of keeping inflation in single figures, as it narrowly managed to do in 1976 and 1977.

M. Rene Monory, the Economy Minister, has set an 8 per cent inflation target for next year. He said yesterday that the November figure demonstrated that the lifting of industrial price controls had not caused heavier inflation.

This month's sounding of business opinion by the Statistics Institute confirmed an *increase of confidence among* industrial managers. The result was close to being the most favourable for four years, it *said.*

Industrial output had increased at a moderate rate since the summer holidays, and order books could now be considered normal. The improvement was particularly clear in export orders and in intermediate goods.

This harmony contrasts with more strident noises from the *unemployment front.* Labour protests have flared into violent confrontations at Saint-Nazaire and Saint-Chamond, while Longwy, in *Northern Lorraine,* was under virtual siege yesterday, as protesting steel workers continued to block access roads.

Record world steel output

BY GILES MERRITT

BRUSSELS — World steel output grew by 6 per cent during 1978 to a record 712.5m tonnes, according to preliminary *figures* released by the International Iron and Steel Institute (IISI).

Institute estimates of crude steel production during the past 12 months also show that output in the developing countries grew more strongly than in the industrialised nations. Latin America, Asia, Africa and the Middle East together recorded a 10.2 per cent increase with steel output rising to 46.4m tonnes from 42.1m tonnes in 1977. China's steel production *is estimated to have grown* during 1978 to 31m tonnes from 23.4m tonnes.

Despite few signs during *1978 of strengthening of demand* for steel, the year's total output throughout the world surpassed by 0.5 per cent the previous record year of 1974 when world production stood at 708.8m tonnes. In 1977 the global total was 672.3m tonnes, while in 1975 the worldwide economic recession saw steel output sag to 645.6m tonnes.

Of the 712.5m tonnes 1978 world total, *466.4m tonnes is* estimated by the IISI to have been produced by the Western World, with output 5.6 per cent up over 1977 levels. Within that figure Western Europe, North America, Japan, South Africa and Oceania were responsible for 420m tonnes, which represented a 5.1 per cent increase over 1977.

The IISI figures make it plain, however, that steel production in the industrialised nations continues to lag well behind the levels reached in 1974. Output during 1978 was 9.4 per cent down on 1974, when production had stood at 463.5m *tonnes. EEC steel output, which* the IISI puts at 132.4m tonnes for 1978, was almost 15 per cent below the 1974 level. In line with the Community's crisis plan aimed at limiting production to sustain prices output showed a comparatively modest increase of 5 per cent during 1978 over 1977. In the UK steel output dropped very slightly, from 20.5m tonnes in 1977 to 20.2m *tonnes.*

Japanese steel production remained virtually unchanged during the 1978 period, and *according to the Institute's* estimates in fact dropped fractionally to 102.1m tonnes from the 1977 level of 102.4m tonnes. The U.S., however, following increased domestic demand, registered a 9.5 per cent rise in 1978 output, with production going from 113.2m tonnes in 1977 to 123.8m tonnes.

● Reuter reports from Dusseldorf: A steel rolling mill in Dortmund belonging to the Hoesch group laid off 650 workers yesterday owing to a *shortage of materials caused by* the 30-day-old West German steel strike. Two thousand more workers in the Mannesman and Thyssen groups *will* have to be laid-off next Tuesday because of shortages, the employer's federation said.

Juan Carlos signs constitution

BY OUR OWN CORRESPONDENT

MADRID—King Juan Carlos gave his formal approval to the new democratic Spanish constitution here yesterday in a brief ceremony. Wearing the gold-braided black uniform of a Captain-General, the highest rank in the Spanish armed forces, the King put his signature to the constitution during *a plenary session of both Houses* of the Cortes.

Flanked by two military officers, he took the podium for a brief speech in which he stressed the need for continuing political tolerance.

Earlier the President of the Cortes, Sr. Antonio Hernandez Gil, opened the ceremony with a 20-minute speech in which he hailed the young monarch's efforts in promoting the drafting of the constitution.

"*The constitution clears* away the confusion which for too long hung over Spain," said Sr. Gil. "It gives us a political identity and puts an end to vagueness and insecurity. It confers the status of citizen on all, without discrimination by reason of birth, sex, race, opinion, or religion. And it leads us, not by virtue of a coercive force, but rather by obedience to the will of the people."

After the ceremony inside, the King, the Royal Family, the Government and MPs took up positions outside the Cortes to watch a military parade to mark the occasion—the first time a Spanish king has given his formal sanction to a constitution since 1876 (he was Juan Carlos's great-grandfather, Alfonso XII).

Hotel strike continues

BY OUR OWN CORRESPONDENT

MADRID — Hotel and restaurant workers in the Canary Islands voted in the *island city of Las Palmas early* yesterday by a slim margin to continue their strike in the tourist-packed Canaries archipelago. They made their decision despite sit-ins by angry holidaymakers, violent clashes between pickets and proprietors, and warnings that the work stoppage is costing one of the two island provinces alone more than £700,000 per day.

On the island of Tenerife, *several hundred tourists staged* a sit-in on the street in front of their hotel, apparently in a demand for the service they had paid for. On Lanzarote, picketers armed with clubs raided the Los Fariones Hotel, whose staff did not go along with the strike. They smashed down the door to one hotel room and wrecked the furniture *in it.* A number of policemen and civilians were treated for minor injuries over the weekend on the southern part of *Grand Canary Island, following* skirmishes.

Chirac 'may lead RPR defection'

By Our Own Correspondent

PARIS—The French Socialist leader, *M. Francois Mitterrand,* has adroitly managed to condemn intrigues within his own Party at the same time as *stoking the fires of the Gaullists'* internal quarrels. In an interview with the Roman Catholic newspaper La Croix he suggested that *M.* Jacques Chirac, volatile leader of the Gaullist Rassemblement pour la Republique (RPR) might defect *with his supporters from the* Government majority before the 1981 presidential election.

M. Chirac, engulfed in a row with Gaullist ministers on the one hand and on the other with Party "barons" who resent his style of leadership, promised the Government last week not to bring down its majority, in the next parliamentary session.

M. Mitterrand *said,* however, he expected M. Chirac to resume the hostile stance which provoked the row.

Swiss officials report economic slowdown

BY JOHN WICKS

ZURICH—Swiss gross national product rose in absolute terms by some 4.1 per cent to an estimated SwFr 158bn (£45bn) in 1978, according to a report by the country's official working Party for Economic Forecasts. This compares with a 3.1 per cent increase in 1977. Economic growth in real terms fell by over half, however, from 2.7 per cent to 1.3 per cent over the year.

This deceleration in the economy, as expressed by real GNP development, is attributed by the Working Party to *pressure from imports* on the domestic market and the *dampening effect of high* exchange rates on export activity. Nevertheless, overall domestic demand rose faster than in 1977, with a real-terms increase rate of nearly 3 per cent (compared with 2.1 per cent), while visible exports grew by a further 6 per cent in real terms following the 10.7 per cent rate recorded in the previous year.

The forecasters join bank economists in predicting a rise in gross national product in 1979 by about 1 per cent in real terms. The balance-of-payments on current account, for which *the working party expects a 1978* surplus similar to that of SwFr 8.27bn recorded last year, is expected to show an "undiminished" surplus again in 1979.

● AP adds from Basel: Prognos AG, a Swiss-based private economic research centre said yesterday it expects unemployment in Europe to increase "dramatically" during *the next* 10 years, with Ireland and the Netherlands forecast to be hit hardest.

Higher growth forecast for Nordic bloc

BY WILLIAM DULLFORCE

STOCKHOLM — Economic growth in the Nordic bloc, which has been lagging behind during 1977 and 1978, should start to catch up with that of the rest of the OECD area next year. Denmark, Finland, Norway and Sweden anticipate an average increase in gross domestic product of 3 per cent in 1979 compared with the 3.5 per cent forecast for the OECD as a whole, according to "Nordic Economic Outlook," a half-yearly joint forecast by the four federations of industries.

Private consumption continued to be weaker than the OECD average through 1978 in the Nordic countries. But with the exception of Norway, where the Labour Government has imposed a 15-month wage and price freeze, demand is expected to pick up during *1979.* This acceleration will be prompted by increases in real disposable incomes and—in Norway and Sweden—in inventory investment.

Payments problems have dominated Nordic economic *policies during 1978. Restrictive* domestic measures have succeeded in reducing the current account deficits with Finland even showing a surplus. The deficit for the Nordic bloc as a whole has probably been more than halved to around $4.8bn this year.

However, the Nordic countries *accounted for more than a third* of the overall OECD deficit in 1977 and their 1978 performance must be compared with the broadly balanced current account position of the OECD this year.

The improvement in the Nordic foreign balances also resulted more from a fall in import volumes than from strong export growth, although both Sweden and Norway increased exports fairly rapidly in 1978. Next year the contribution of foreign trade to growth will be smaller. The Federation's economists expect the Nordic current account deficit to enlarge again towards $6bn.

The Nordic economic expansion predicted for 1979 *is likely* to be achieved without much change in employment. Government subsidies and other support measures over the past two years have resulted in extensive under-utilisation of manpower *employed. Unemployment is* even forecast to increase in Norway in 1979.

The 1979 performance of the Danish economy will depend in large measure on the outcome of the current negotiations between employers and unions on an incomes agreement to replace the one which will expire in March. Industrial investment is forecast to grow, particularly in engineering and agriculture-based industry.

Norway is the *only one of the four countries predicting a fall* in the economic growth rate in 1979, despite its expanding revenue from oil. The slowdown will result from the Government's belt-tightening actions, which have been in*spired by the very swift rise in* the foreign debt.

Sweden is scheduled to show the fastest growth next year—4 per cent—according to "Nordic Economic Outlook." But Sweden was also the only Nordic country to experience *a decline* in GDP in 1977.

OVERSEAS NEWS

Japan settles for 6.3% 'compromise' on growth

BY RICHARD C. HANSON

TOKYO — Mr. Ohira's new Economic Ministers last night approved *a real economic* growth target for the next fiscal year, which many already think may follow the unhappy pattern of the past two years' predictions.

The Government's aim, to be formally passed by the full Cabinet later is for 6.3 per cent growth for the year starting *April 1.* The Ministers also unceremoniously buried the old forecast for this year of 7 per cent and said the GNP will rise by only 6 per cent.

The forecast includes an estimate for next year's current account surplus of Yen 1,400bn (£3.59bn), much less than the Yen 2,700bn (£6.9bn) surplus for this year. On the surface, it appears that the growth and current account goals contradict each other.

Next *year's* economic performance will depend heavily on two uncertainties. The first is whether the export sector of *the economy will pull out of* its recent tailspin, which could increase the current account surplus. The second is whether consumer *spending will* continue to show the weak signs of life noticed late in the summer.

Reducing the current account surplus will depend in part on a Government intention to continue importing certain goods on an "emergency" basis. This has proved difficult this year, with only £1.3bn of an original goal of £2bn expected to be realised by March 31.

Public works spending by the Government this year is expected to *decline* and Government economists are also pessimistic about the prospects for recovery in private sector spending for plant and equipment next year.

It is hoped that the export *industry will stop worsening* by spring or summer next year, especially if it is operating in a stable foreign exchange market. This would provide some basis for sustainable growth.

The onerous effect of the yen's appreciation on the export sector is expected to be dissipated within the next half year.

Little optimism has come from private economic forecasters who seem to be settling on 5 per cent real growth targets. The 6.3 per cent goal was itself reported to be a compromise between the Finance Ministry, which wanted a 5.8 per cent target, and the Ministry of International Trade and Industry, favouring 6.7 per cent. *Ministers* warned that international economic changes could alter the result.

The 6.7 per cent target is reminiscent of the original goals set for last fiscal year, when actual growth reached only 5.6 per cent.

Mr. Ohira's Tax Research Council yesterday recommended that a general excise tax be introduced from April 1, 1980. The timing of the tax is a delicate issue. The Finance Ministry originally hoped to introduce the tax from January 1980, to help offset a large budget deficit.

Move to tighten credit

TOKYO—The Bank of Japan has decided to tighten lending at all major commercial banks in the country between January and March, 1979.

The Central Bank notified the 13 major Japanese banks that they are to hold down their new lending during the period to a total of Y979bn, 18.9 per cent *down from the corresponding* period this year.

The Bank also asked long-term credit banks to reduce their *lending* to Y269.5bn, down 13.1 per cent from the same quotas this year. It did not set specific limits for such smaller banking institutions as provincial and mutual banks but advised them to voluntarily minimise their new lending during the quarter.

The bank said it decided to take the steps in view of excessive lending by the major banks since last summer and lagging repayments by business. The *bank's issuance of guidelines* was a usual practice during Japan's economic boom period. Under the Government's policy *designed* to improve business activity, however, it had virtually suspended controls since October, 1974. AP

China misses harvest target

BY DAVID HOUSEGO

A SERIOUS setback to China's hopes of rapid modernisation has emerged with the disclosure that output of grain this year expanded by a disappointing 3.5 per *cent* to 295m tons, equivalent to 10m tons over last year's level.

Annual rises of 13-14m tons would be needed to achieve the target of 400m tons a year by 1985 announced by Chairman Hua Kuo-feng in February when he presented the country's new economic plan.

Observers at the time anticipated that China's grain output would climb this year by 20m tons after the droughts of the previous two years caused *hardly any increase in production.*

Peking's release of the grain output figure for this year—usually only percentage increases are announced—appears to be part of a new openness about the performance of the economy. A commentary by the New China News Agency (NCNA) attributed the shortfall to "severe drought" that affected many provinces and to other "shortcomings."

China needs higher grain *production to diminish wheat* imports which continue to be a drain on foreign exchange needed for the purchase of capital goods. Wheat imports were about 8m tons in 1978, slightly down on 1977, but wiping out foreign exchange earnings from oil. Consumption is further expected to rise with the increase in wages granted 18 months ago.

Leaders of 50,000 students *on strike in South China* in protest at forced farm labour yesterday demanded a meeting with Chairman Hua Kuo-feng. The students spoke to Peking crowds after a 10-day march from Yunnan province. Another wallposter has called for the appointment of Mr. Chiang Ching-Quot, Prime Minister of Taiwan, to a top post when the country is reunified.

The one encouraging feature of this year's grain output is that the increase is considerably higher than the average annual 2.2 per cent increase in output achieved between 1957-75—though not high enough to redeem the two bad years that preceded it.

The NCNA also reported production increases in various other agricultural crops but gave no details. This suggests that agricultural production as a whole is likely to be behind the annual 4.5 per cent growth rate announced by Chairman Hua. The slow growth of agriculture is seen by the Chinese leadership as the main bottleneck to their modernisation programme.

Kenya restricts travel abroad

NAIROBI — Kenya residents were forbidden yesterday to leave the country by commercial airlines except in certain specified emergency circumstances, *Nairobi's Daily Nation* newspaper reported.

The travel ban, issued by Mwai Kibaki, Kenyan Vice-President and Minister for Finance, is part of a major government crackdown on imports and is aimed at *conserving foreign* currency reserves. AP-DJ

U.S. protests at Taipei stoning

BY DAVID BUCHAN

WASHINGTON — The U.S. yesterday lodged a strong *protest with the Taiwan* Government, after crowds of demonstrators in the capital city of Taipei stoned cars carrying a top *level U.S.* delegation.

The delegation, led by Mr. Warren Christopher, the U.S. Deputy Secretary of State, had arrived in Taiwan to discuss future U.S.-Taiwan ties after diplomatic relations are broken next Monday as the price for U.S. recognition of Peking. The motorcade carrying Mr. Christopher and his party was attacked with a shower of stones and other missiles and forced to disperse.

In Washington, Mr. Richard Holbrooke, an assistant *Secretary of State,* said the Taiwan Government had been told it was "completely responsible" for the safety of Mr. Christopher, officials accompanying him, and all other Americans in Taiwan.

He did not rule out the possibility that the Taiwanese authorities despite their apologies for the incident, were behind the demonstration, and left open the possibility that the Christopher mission might be called off if there was further trouble.

Talks on a new relationship between the U.S. and the Nationalist Chinese Government are essential if economic and cultural ties are to continue between the two countries, including an increased U.S. sale of defensive weapons to Taiwan.

Meanwhile, Taiwan has quietly taken legal steps to prevent its embassy in Washington falling into the hands of China after January 1. Under legal documents filed last week in the District of Columbia, Taiwan has now made over its embassy and two other buildings to a non-profit organisation known as The Friends of Free China, a body that has supported the Taiwan Government.

CAMBODIA EMERGES FROM ISOLATION

Package to Angkor Wat

BY RICHARD NATIONS

IN A STEP to open the country to "*friends all over the world,*" Cambodia (Kampuchea) welcomed an inaugural flight bringing tourists and journalists from Bangkok to visit Angkor Wat, one of the best-preserved and most magnificent religious monuments in the world.

Less than a week after the assassination of Professor Malcolm Caldwell in Phnom Penh, the Cambodians welcomed 40 people, including 15 Western and Japanese journalists, at *Siem Reap airport, near Angkor* Wat, and about 150 miles north-west of the capital.

Despite "*the cruel* war of aggression perpetrated by the Vietnamese . . . we will do our best to satisfy the aspirations" of those wanting to visit Angkor, Mr. So Hong, Cambodia's Under-Secretary of State for Foreign Affairs, said.

His address in honour of the privately owned Erawan Trust of Thailand, which organised the flight, stressed the importance of strengthening relations between "the peoples of *Kampuchea and Thailand.*" But he also underscored his Government's welcome "to *friends near and far* . . . so that we can show them the new aspects of democratic Kampuchea to improve mutual understanding and friendship."

The one-day round-trip from Bangkok to Angkor will cost £112 and will be open, in principle, to anyone except nationals of South Africa, Israel, South Korea and *Taiwan.* By *mid-January* the Erawan Trust, whose chairman Major-General Chatichai Choonhavan was Thailand's Foreign Minister, when Bangkok established diplomatic relations with Phnom Penh in 1975, will operate daily flights, *seven days* a week, with a 44-seat aircraft chartered from Thai Airways.

A spokesman for Erawan said four tour agencies have reserved blocks of seats for the first six months. Phnom Penh is expected to receive about half the revenues from landing, catering and other fees. Erawan has also reached agree*ment in principle with Peking* to operate similar tours to Lhasa, the Tibetan capital.

For an hour yesterday, *journalists* were allowed to photograph for the first time in five years the 12th century *monument* which is regarded by Western art historians as the most perfect archaeological product of ancient oriental civilisation. The limited areas which we saw appeared well-preserved and impeccably tidy. Those who *knew the monument before* the 1970 Cambodian war saw little evidence of the damage which had been feared from U.S. bombing or from plundering which was thought to have accompanied the flight of refugees.

The timeless serenity of Angkor seemed matched only by the tranquillity of the surrounding forests, nearly 250 miles from the eastern border and the escalating war with Vietnam.

The paddy fields were empty, except for a small group of black pyjama-clad women harvesting rice, who clapped and waved at the foreigners, much to the consternation of officials concerned not to depart from the programme.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $205.00 (air freight) $365.00 (air mail) per annum. Second class postage paid at New York, N.Y.

هكذا من الأصل

هكذا من الأصل

OVERSEAS NEWS

Israeli soldiers destroy new illegal settlements

BY L. DANIEL

TEL AVIV — Attempts to set up unauthorised settlements on two hills overlooking Jerusalem were stopped by the Israeli army yesterday. Fifty families belonging to the small ultra-religious and nationalist "Gush Emunim," movement, which had an authorised settlement in a former Jordanian army camp near Neve Samuel, last night set up tents on the two hills.

Gush Emunim had earlier announced that after the expiry of the three-month standstill on settlements agreed at Camp David, it intended to set up new settlements in the West Bank next to existing ones. While the Israeli Government favours the strengthening of Jewish settlement in the West Bank, it has not raised the issue of whether the standstill refers to the three months which expired on December 17 or the period needed for the conclusion of the negotiations with Egypt.

The Gush Emunim settlers were arrested and taken to a police station. Many lay down on the site and were carried away by soldiers.

In Jerusalem, the Israeli Gost has been warned that if the cabinet approves the I£306bn (£8,114m) draft 1979-80 budget, inflation will again reach 50 per cent in 1979, and the trade deficit will increase by $500m.

Mr. A. Gafni, governor of the Bank of Israel, the country's central bank, urged a cut of I£5bn, which would reduce deficit financing by 25 per cent and the likely inflation rate to between 35 and 50 per cent, he said. He also urged the cabinet not to give in to Ministers' demands for higher allocations, since any further increase in the budget would accelerate inflation to 60 per cent or more.

Budgetary restraint was not enough, the governor said, but would have to be accompanied by a suitable monetary policy, control of construction, the accelerator in the Israeli economy, and a reduction of some import duties to stop people buying to beat inflation.

● AP reports from Cairo: President Anwar Sadat said yesterday that there was a "very good chance" of peace negotiations with Israel resuming soon but said that Egypt had not yet received an invitation. His statement followed Mr. Menahem Begin's statement that he was prepared to hold "clarification talks" on two issues standing in the way of a treaty.

Gandhi woos Janata disaffection

BY K. K. SHARMA

NEW DELHI—Mrs. Indira Gandhi, the former Indian Prime Minister who was released from jail on Tuesday night, has decided to continue the agitation started by her Congress Party against the Janata Government. She made this plain when she addressed a special meeting of her parliamentary party yesterday.

Mrs. Gandhi told members that the present agitation against the "undemocratic and dictatorial" Government of the Janata party should continue. The agitation was launched the day she was jailed and there were incidents of violence all over the country for at least three days, although it seemed to have fizzled out after that.

The former Prime Minister held discussions with her close confidantes on her strategy to topple the Janata Government. She apparently intends to woo the former Home Minister, Mr. Charan Singh, who has now openly criticised Prime Minister Morarji Desai and threatened to form his own party in the middle of next month.

He would have done this by now but finds that many of Mr. Desai's cabinet colleagues are dissatisfied with the Prime Minister's methods, especially his refusal to order an inquiry into corruption charges against his son, Kanti. This matter is now to be taken up by a group of ministers and its recommendations could be embarrassing for Mr. Desai.

The issue of charges against Mr. Desai's son is expected to figure prominently when the Janata Party's National Executive meets for two days from today. Pressure on him to order an inquiry is growing and this is important since it is coming from the rank and file, even those belonging to groups that are committed to support Mr. Desai.

Mrs. Gandhi, meanwhile, is pressing ahead with moves to unite the split congress party and a former merger is thought to be just a question of time. The party split almost exactly a year ago.

Zambia casualties

LUSAKA — Some 50 persons were killed in last week's cross-border raid by Rhodesian troops into Zambia, a spokesman at Lusaka's General Hospital indicated yesterday.

The spokesman said 50 bodies had arrived at the hopsital following the Rhodesian raid on Friday 80 miles into Zambia. Another 60 persons were being treated for wounds. AP

Sadat seeks control of subsidies

By Roger Matthews

CAIRO — President Anwar Sadat of Egypt held a closed-door meeting with the parliamentary members of the ruling National Democratic Party yesterday to discuss the politically sensitive issues involved in drawing up the 1979 budget. He has already warned of possible "radical decisions" involving the subsidy of essential commodities and postponed by a week a visit to upper Egypt.

The Government has been trying to test public reaction by leaking the general lines of its discussions. Encouraged by international agencies and threatened by a spiralling budget deficit, the Government is urgently seeking some formula that would check the growth of subsidies without provoking the vicious rioting that occured in January 1977, the last time an attempt was made to tackle the problem.

As a gesture to public opinion Mr. Sadat announced on Christmas day that cabinet ministers would have their official Mercedes cars taken away and replaced by the more humble Volkswagens. He was also stressed that subsidies, which are estimated to be running at an annual rate of £E1.15bn ($1.5bn) would have to be rationalised to ensure that they only when to those people most in need.

According to government sources, direct subsidies are costing just over £E464m a year. Indirect subsidies account for a further £E509m while losses incurred by public sector companies amount to £E146m.

It has been suggested by ministers that subsidies could be paid directly to the lower income groups via increased wages and pensions, or that the ration card system could be extended. However in either case the ministers are indicating the prices of some basic commodities will have to rise if the budget deficit is to be controlled.

Parties formed for Nigeria's return to civilian rule

BY OUR OWN CORRESPONDENT

LAGOS — Five political parties have qualified to contest the elections through which Nigeria is returning to civilian rule next October, it has been officially announced here.

All five are led by politicians who were prominent in the 1960s, before the military coups of 1966 put an end to party politics.

The new parties are: The Unity Party of Nigeria (UPN), led by Chief Obafemi Awolowo; the National Party of Nigeria (NPN), which recently voted Alhaji Shehu Shagari as its presidential candidate; the Nigerian People's Party (NPP), led by Dr. Nnamdi Azikiwe, Nigeria's first President; the Great Nigeria People's Party (GNPP), led by Alhaji Waziri Ibrahim; and the People's Redemption Party (PRP), under the leadership of Alhaji Aminu Kano.

The five parties are among 50 odd political associations formed since September, when Nigeria's military rulers lifted their 12-year-old ban on party politics, in keeping with their programme to restore civilian rule next October.

All the political associations were obliged to register with the Federal Electoral Commission before they could function legally as political parties. Nineteen of them applied for registration, but only five satisfied the commission's conditions, one of which is that they should be national in character and have offices in at least 13 of the country's 19 states. Unsuccessful parties included Socialist and militant groups. One of them is the Movement of the People, led by controversial musician Fela Anikulapo Kuti. Another is the Nigerian Advance Party, formed by Lagos lawyer Tunji Braithwaite, who canvassed for the wholesale rejection of the old politicians.

The Unity Party of Chief Awolowo, the veteran politician and federal leader of the opposition when the army intervened in 1966, was the first to be born and announce its manifesto. Its four objectives are to provide free education at all levels, integrated rural development, a free health scheme and full employment. The National Party of Nigeria has five main campaign points: mass literacy, national unity, poverty eradication, fundamental human rights and economic improvement.

The Peoples Redemption Party of Alhaji Aminu Kano, a former federal minister, plans to boost agriculture, restructure national economy to ensure self sufficiency and eliminate unnecessary imports. Dr. Azikiwe's Nigerian Peoples' Party has promised a further break-up of the Nigerian Federation into smaller states and an equitable allocation of revenue between states.

The Great Nigeria Peoples' Party which has had to contend lately with a major split in its party hierarchy, plans to introduce a welfare state.

It is still far from clear how these parties will fare in the five elections to be held next year at both state and federal level, ending up with the all-important poll for an executive president under Nigeria's new constitution.

Most Nigerians vote for personalities rather than policies and the five major parties derive their initial support from the home bases of their proclaimed leaders.

Political heavyweights are scattered among the five but there seems to be more in the National Party of Nigeria. The NPN leader, Alhaji Shehu Shagari, together with rivals Alhaji Kano and Alahji Waziri, has a tremendous following in northern Nigeria. Chief Awolowo and Dr. Azikiwe have equally good followings in the south. One obvious implication is that presidential aspirants and their parties will have to look outside their regional strongholds for deciding votes.

THE war in Eritrea, the northern province of Ethiopia, is the biggest conflict raging anywhere in the world today. At the end of last month Ethiopian troops, said to be directed by Russian officers, drove the Eritreans out of the key town of Keren and forced them back to guerrilla warfare. **Dan Connell**, who was in Keren when it was evacuated, describes the latest climax in the war in the Horn of Africa.

The flight from Keren

The high-pitched whine gradually turned into a throbbing roar as the wave of Mig-23 jet fighters passed overhead en route to the battlefront. Beneath our feet the ground shook from the pounding of exploding rockets and artillery shells.

The sharply escalated fighting between Eritrean nationalists and Russian-led Ethiopian forces was reaching a climax 12 miles to the south at the formerly Italian-owned Elabaret citrus plantation. Meanwhile the guerrillas systematically evacuated Keren, the second largest city in the Red Sea territory of Eritrea and a kind of shadow capital for the Eritrean People's Liberation Front (EPLF) since it was captured from the Government in July last year.

The Ethiopian army was steadily grinding toward Keren, and the EPLF was in retreat, but the guerrillas gave up ground grudgingly, determined to whittle down their more powerful enemy before it could pass north from Keren into the heart of their base area.

The campaign opened in mid-November after a two-month lull following unsuccessful Ethiopian efforts to reach Keren. Those battles had been described as the heaviest in the 17-year war, but they were dwarfed by the most recent sequence in which hundreds of Russian-supplied and, in some cases, Russian-driven armoured vehicles spearheaded simultaneous drives on five fronts against EPLF positions.

More than 100,000 Ethiopian troops took part in this latest phase according to EPLF leaders, playing a secondary role to the armour, artillery and planes. The guerrillas are lightly armed mainly with captured Ethiopian weapons, and are not equipped for long range, conventional confrontations.

Within three days EPLF leaders saw that they lacked the fire power and numbers to hold out against the Ethiopian forces, and retreated along the highway linking the Asmara capital with the Red Sea port of Massawa, narrowing the confrontation to two battlefronts south and west of Keren.

The Government had mobilised forces from throughout Ethiopia for this campaign, airlifting thousands of troops from the Ogaden, where earlier this year they fought with Russian and Cuban help, Somali troops and guerrillas.

Soviet involvement was much deeper than in the previous phase of the campaign. EPLF leaders say that General Vassily Petrov, who organised the successful Ethiopian campaign against Somalia in the Ogaden earlier this year, was in charge of the Ethiopian ground forces.

An unnamed Soviet general commanded the air force and 11 Russians with the rank of Lieut-Col. commanded frontline units.

One of them said to be called Lieut.Col. Eduard, was seriously wounded and later died in hospital in Addis Abada, according to EPLF intelligence.

The EPLF could not withstand the punishing bombardment from 122 and 160mm Russian artillery, Stalin Organ rockets and non-stop aerial bombing on the open plains near Asmara and Agordat. They fell back day by day, one brigade peeling off at a time to re-form, until they were 12 miles from Keren on two sides.

It was already too late. A third front had opened up along the coast, threatening to carve up their base area and cut their supply lines. By then the decision to abandon Keren and return to the countryside had been taken, but the EPLF fought one last two-day battle at Elabaret.

Before the 35,000 man Ethiopian infantry force was over the lip of a narrow valley, the guerrillas leapt from hidden positions to face the tanks in hand to hand cambat. Taken by surprise, the tanks pivoted and spread out in disarray followed by the men.

For the next 48 hours the fighting raged. Planes bombed the valley, but the guerrillas pursued the troops into the valley and they were surrounded. At sunset the battle was over.

Hundreds of Ethiopian bodies littered the hillsides and valleys, burned tanks rusted in the sun, and the stench of death was overpowering.

The Russian-style Blitzkreig gave Ethiopia back control of the last of the major towns and highways. The conventional war in Eritrea is over, and now begins the protracted struggle for control of the countryside.

"The war has changed and it is going to escalate because there will be so much Russian intervention," said EPLF military commander Petros Solomon. "Certainly the fighting will increase, but I think from now on we will have the initiative in the war. Now they are dispersed and we will use guerrilla tactics in their rear areas."

AMERICAN NEWS

Mr. Michael Manley, Prime Minister of Jamaica.

World leaders meet in Jamaica

By Canute James in Runaway Bay, Jamaica

RUNAWAY BAY, JAMAICA—Six world leaders will meet here today to try to find ways of restarting the stalled "North-South Dialogue," which aims at establishing a new world economic order.

Mr. Michael Manley, Jamaica's Prime Minister, has brought together leaders from Europe, North America, Latin America, Africa and Australia for two days of informal discussions which, he hopes, will lead to a more equitable distribution of the world's riches.

The leaders are: Mr. Malcolm Fraser, Prime Minister of Australia; Mr. Pierre Trudeau, Prime Minister of Canada; Mr. Helmut Schmidt, West German Chancellor; Mr. Odvar Nordli, Prime Minister of Norway; Lieut-Gen. Olusegun Obsango of Nigeria, and Sr Carlos Andres Perez, President of Venezuela.

Mr. Manley wants the talks to centre on two general areas: an attempt to find a way to slow down, or declare a moratorium on developing countries' debt payments to the industrialised nations, including the U.S., and to work out a more equitable price exchange system for raw materials and finished products.

Jamaica's Daily Gleaner said if the leaders could reach some kind of a consensus on those issues, the North-South Dialogue between industrial and developing nations, which broke down in Paris last year, could be started again.

Agencies

U.S. mediator despatched to Nicaragua

WASHINGTON — A State Department mediator, Mr. William Bowdler, left here yesterday for Nicaragua in a further attempt to impress upon *President Anastasio Somoza* the U.S. view that Nicaragua's internal strife must be speedily settled by a plebiscite on the President's rule.

The State Department announced on Tuesday that Mr. Bowdler—who represents the U.S. in the international mediating team that includes the *Dominican Republic* and Guatemala—and the U.S. Ambassador to Nicaragua, along with the chief of the U.S. Army Southern Command based in Panama, had all been recalled to Washington for consultations.

The Department criticised President Somoza's refusal to accept the mediation team's "fair and workable" plan for a plebiscite as "a serious snag." The principle of a plebiscite on the future of the President had been accepted by Mr. Somoza himself and the opposition groups. But President Somoza has so far refused to accept any outside international supervision of the plebiscite.

Slow growth forecast for retail sales

By David Buchan

WASHINGTON—Retail sales, a major element in the U.S. economy which accounts for over 40 per cent of total goods and services output, will grow more slowly in real terms next year, the Commerce Department has predicted.

The department forecasts that 1979 *retail* sales will total $857bn, a 10 per cent rise. This is about the same rate as during this year but, because of rising inflation, is less in terms of real growth.

Growth in the volume of department store sales is likely to slow to 11 per cent, compared with 13 per cent in 1978—a forecast that squares with some predictions put out by such major U.S. chains as Sears Roebuck and J. C. Penny, which fear that higher interest rates and tighter consumer credit will affect sales of their bigger durable goods.

The Commerce Department study warns that "unless the inflationary psychology affecting consumer and business behaviour abates, the prospects for steady real growth are clouded."

The Carter Administration continues to insist that the U.S. is not heading for anything *resembling a recession next* year, and has forecast that growth in the last three months of 1978 will turn out surprisingly strong.

Carter plans wage talks with top union leaders

BY STEWART FLEMING

NEW YORK—Aware of the threat to its anti-inflation policy posed by the rift with organised labour, the Carter Administration has invited Mr. George Meany, President of the AFL-CIO, and other top labour leaders to meet the President on January 12.

It will be the first meeting between the ageing head of the AFL-CIO and the President since last August. Since then Mr. Meany ha led the AFL-CIO's outspoken opposition to the Administration's voluntary wage/price guidelines, arguing that they hit workers hardest and that mandatory controls would be fairer.

Administration officials feel that the AFL-CIO's fierce opposition to the voluntary programme diminishes its chances of success. Several union leaders have said they do not feel the 7 per cent guideline for increases in the first year of labour contracts being negotiated in 1979 allows them to seek adequate wage rises. This week the rubber workers union said it could not settle on a new contract on the basis of a 7 per cent increase.

The Administration hopes that President Carter can convince Mr. Meany and his colleagues to modify their opposition to the guidelines. One tack might be to point out that if the anti-inflation programme does not work because unions break the guidelines organised labour will be saddled with a large measure of responsibility for continuing inflation and its economic consequences.

While officials may hope that such arguments and appeals to the national interest can soften Mr. Meany's position, there are fears too that the meeting between him and the President may only serve to widen the breach. Mr. Meany is already expressing concern about the impact of budget cuts on social programmes and privately top officials concede that the two men find it difficult to get along.

In the background, talks are approaching the January 3 deadline when the oil, gas and atomic workers' current contract expires. Union rank and file and the leadership have made it clear that they do not feel bound by the guidelines. A settlement of these talks outside the guidelines, while not a mortal blow to the programme, would certainly weaken its chances of success.

Air safety drive follows crash

By Our Own Correspondent

WASHINGTON — The radar services at about 80 airports are to be improved, and the number of airports at which pilots must have radar guidance is to be increased, under a new safety programme announced yesterday by the Federal Aviation Administration.

Designed to reduce the threat of mid-air collisions, the announcement of the programme which will cost $54m, comes three months after the U.S.'s worst air disaster, in which 144 people died when a Pacific Southwest Airlines aircraft collided with a private plane over San Diego airport in California.

New economic team will fight boycott of Chile

BY ROBERT LINDLEY

BUENOS AIRES—The almost completely new economic team which resulted from President Augusto Pinochet's partial Cabinet reshuffle on Tuesday will be charged with trying to defray the cost of the boycott against Chile by both the Inter-American Regional Labour Organisation (ORIT) and the American AFL-CIO union grouping.

ORIT has announced that its members will not handle Chilean, Nicaraguan or Cuban imports and exports after January 8 because of the three countries alleged systematic violation of human rights. The AFL-CIO has announced that it will join the boycott.

Gen. Pinochet replaced six ministers, out of a total of 16. The ministers of economy, labour, education, mining, housing and planning. The new Economy Minister is Sr. Roberto Kelly, who President Pinochet replaced as Planning Minister by Sr Miguel Kast. Sr Kast was previously the number two man in the Planning Ministry. Sr. Sergio de Castro stays on as Treasury Minister and, as such, heads the economic team.

WASHINGTON NEWSPAPER DISPUTE

The time bomb ticks away

BY DAVID BUCHAN IN WASHINGTON

NEWSPAPER SHUTDOWNS take place on both sides of the Atlantic. They often carry a sizeable element of bluff. No *one expected the New York* Times to fold for good this summer, and it did not. Few expect the London Times and Sunday Times to disappear for ever, and they probably will not. Now, Time Inc., the largest U.S. magazine publishing empire, is threatening to close down the Washington Star, which it bought only eight months ago.

Time is insisting that the Star's 11 unions sign new five-year contracts, agree to redundancies, and allow radical changes in pay arrangements for remaining employees. In fact, four unions (including the journalists), representing half the newspaper's workforce, had by the start of this week reached definitive or tentative contract agreements.

But Mr. James Shepley, president of Time, sought to emphasise just before Christmas that his threat to shut down Washington's only evening paper bore *no resemblance to the* dispute at Thomson Newspapers in the UK.

"If we go down, we stay down." Mr. Shepley bluntly warned the Star union leaders, representing 1,270 of the newspaper's 1,400 employees. "It is a Washington fact of life that the Star could *never* recover from a shutdown. With all advertisers, all readers swinging automatically to the Washington Post, we could never recover," he said.

So much for the stick. The carrot that Time is offering is $60m—to be spent over the next five years to bring the financially *ailing Star back into the* black and within lunging distance of its rival, the highly successful Post.

To underline his threat, Mr. Shepley pointed out that Time paid "a very low price" for the Star, $20m for the paper and $8m in assuming a mortgage debt from the previous owner, Mr. *Joe* Allbritton, a Texas millionaire. Selling off their real estate would allow Time to wash its hands of the Star at a loss of less than $10m after tax—"by no means an unacceptable loss," the Time president said.

The bigger risk, Time claims, is to continue the Star as it is, *with $10m losses this year and* likely to be higher next year. The Star's losses, curbed under Mr. Allbritton's tenure, now seem to be on the rise again.

The dowager of Washington newspapers, the 126-year-old Star has had a checkered life of late. Three changes of owner in the past five years have not stemmed its post-World War II decline against the resurgent Post, which has captured 80 per cent of the capital's pool of advertising revenue and has a circulation of nearly 560,000 compared with the Star's 330,000.

The transparent desire of recent proprietors to get rid of it apparently even attracted the attention of the South African Government. According to Johannesburg Press reports last month, the Pretoria Government, eager for a voice sympathetic to its cause in the American capital, secretly paid a *Michigan publisher, Mr. John* McGoff, $11.5m to help him try to buy the Star a few years ago. The money reportedly was returned, and Mr. McGoff in any case describes the whole allegation as nonsense.

Time and its management at the Star refuse to spell out what *they are demanding of* the unions. But union sources say the management wants drastic reductions among Star printers—from the present level of 175 to as few as 25 by the end of five years—and to freeze the basic pay schedules of journalists above the grade of junior reporter, while giving merit increases where and *how* they see fit.

These merit increases, Mr. Shepley has promised, could be substantial, to the extent that the Star would have to ask to be treated as a special exception under President Jimmy Carter's new 7 per cent ceiling on annual wage increases. Much of the rest of the $60m which the Time board would inject into the Star would go on capital investment, such as a new computer typesetting and in-put system.

The Star, one of the first American newspapers to switch to a computerised system, has a hodge-podge of equipment that Mr. Shepley described as "a chewing gum and bailing wire operation that won't go on much longer."

> Only eight months after buying the Washington Star, Time Inc. is waving the stick of closure and offering the carrot of *heavy investment in its* attempt to persuade unions representing workers on the newspaper to sign contracts covering redundancies and new arrangements over pay.

The newspaper unions have taken a beating in Washington. Since the bitter, union-breaking *strike at the Post three years* ago, their hold has slipped. Neither the Guild (the journalists' union), nor the Pressmen (the main printers' union), nor the Teamsters (which groups delivery truck drivers and miscellaneous workers) currently have contracts with the Post.

Time Inc. is now making the *pitch that the survival of the* Washington newspaper unions depends solely on continued publication of the Star.

It is also claiming a track record of long-term, often ruthless, publishing decisions that have paid off its subsidiary. Sports Illustrated, was subsidised for 10 years before it turned into a solid money-spinner, while Life magazine was killed off almost at the height of its circulation because it was seen to be a long-term loser (it has just reappeared, however, as a monthly).

In recent years the Star has become less genteel and more journalistically competitive. Much of the change came under a previous editor, Mr. James Bellows, who vastly improved its national political coverage and, among other things, introduced a racy gossip column, the "Ear" (run by an English woman).

With the advent of Time, the Star now carries the Time-Life foreign news service. This on occasion makes it competitive with the Post on foreign news, although the Star has not had any foreign-based correspondents of its own for 10 years.

The Star also had the brief benefit this summer of some New York Times reporters, put out of work by their own paper's three-month lockout. Generally, Time Incorporated has stepped up promotion of the Star. More than $2m has been spent this year on radio advertising including an entertaining series on the air waves, satirising *political figures such as* "Spamilton Burden" (Mr. Hamilton Jourdan, President Carter's somewhat earthy chief of staff) and "Teddy Candidate" (you know who).

The strategy of the Star's new effort to measure up to the Post is slightly schizophrenic. On the one hand, its editors, headed by Mr. Murray Gart, formerly Time's foreign editor, have decided their paper's future lies in eploiting what is seen as the Post's relative weakness in local coverage. So last month the Star launched five separate editions for five separate localities around the district of Columbia, at considerable expense in setting up new offices and hiring new reporters. In this sense, the Star is side-stepping the Post, in a deliberate move to become the "parochial" paper.

But in the same month, the Star also threw down the gauntlet to its competitor by *running a five-part series on the* public and private life of the Post's proprietor, Mrs. Katherine Graham. Whether readers were intrigued or not by the sight of newspapers washing each other's linen in this manner, the Star added an extra 5,000 to its print run for the week-long series.

More significant for the long term, the Star is not ruling out switching to publishing in the morning on weekdays, as it already does on weekends and holidays. This would bring it into a direct clash with the Post. Whether it does so may depend on such imponderables affecting readers' habits as the development of the underground metro system. If extensive enough, the metro would give the traveller sufficient time to consume a paper on the way to work (as well as on the way home).

There is also a certain conventional wisdom that would hold that if a "*factory town*" like Detroit is by force of work hours an evening paper town, then white collar Washington should be a morning paper city.

The Star's unions regard Time Inc.'s action as high-handed to a degree—the more so because only three weeks after they were asked, and agreed, to reopen for renogiation contracts which in most cases would have otherwise run to the end of 1979, Time announced its shutdown threat.

Time Inc. then only gave them five weeks notice in which to act, compared with the six months that Thomson newspapers gave its *British* employees.

Despite Mr. Shepley's protestations to the contrary, there is a feeling among union leaders that Time Inc., which was willing to launch expansion plans last month even after its ultimatum, may be *bluffing*. Some unions are likely to sign the new contracts, but others think the Time bomb will not go off on New Year's Day.

WORLD TRADE NEWS

Carter reverses fasteners decision

WASHINGTON — President Carter has reversed an earlier stance and decided to raise import duties on industrial fasteners from Japan and other countries.

Mr. Robert Strauss, the U.S. Special Trade Representative, said Mr. Carter's decision was based on deteriorating economic conditions in the domestic industry. In November the U.S. International Trade Commission (ITC) called for "import relief" for U.S. producers of iron and steel nuts, bolts and screws.

Import duties on large screws will increase to 15 per cent from 9.5 per cent to 12.5 per cent, according to Mr. Strauss's office. *Duties for bolts, currently 0.2* cents a pound and for nuts, currently 0.1 cents a pound, will increase to 15 per cent plus the existing duties.

The higher rates will remain in effect for three years, the office said. As required by law, they will be formally announced within the next 15 days.

AP-DJ

Increase in Soviet deficit seen

By Roger Boyes

THE SOVIET trade deficit with the West this year may be as much as 700m roubles (about £530m) higher than in 1977, thus upsetting recent developments in the East-West trade balance, according to the latest *bulletin on the Deutsches* Institut fuer Wirtschaftsforschung.

The institute, which makes a close study of East European economies, reported that Comecon imports rose considerably faster than exports in the first half of 1978. This was mainly because Soviet imports from the West grew 8 per cent faster than in the same period in 1977 and exports to the West fell by 2 per cent.

If these trends are reflected in the second half, the bulletin argues, the Soviet deficit could be higher by 700m roubles measured in transferrable roubles, Comecon's common external unit) while the six East European Comecon countries will fall by 300m roubles.

By contrast, in 1977 the Soviet Union's trade deficit with the West declined from 3bn roubles to 1bn, while the European Comecon countries cut their deficit from 5bn to 4bn roubles.

The bulletin maintains that the recent temporary stagnation in East-West trade will probably not persist.

EAST AFRICAN TRADE

Kenya shows the way on computers

BY JOHN WORRALL IN NAIROBI

The widespread belief that computers are an irrelevant technology in the Third World, expensive toys for the elite to play with, is proving to be untrue in Kenya. Their uses and applications are expanding as fast as manufacturers can bring them in and many Africans have mastered their complexities. In the field of big, main frame computers ICL of Britain has the edge over IBM, its nearest competitor.

In Kenya the computer is coming into its own, and the country has long shared the United Nations point of view that computer technology can significantly contribute to accelerating the rate of social *and economic progress* in developing countries.

Banks, industry, *parastatal* bodies, Government, agriculture, Nairobi University, the railways, the port of Mombasa, and major research and development projects are finding increasing uses for computers in all ranges and all sizes, from the big main*frame* computer to the *mini* versions.

Cash flow forecasting of the power and lighting system in Nairobi, calculating the optimal material mix at the British American Tobacco Company, the wagon control system of the railways—all are among the computer uses in Kenya, apart from regular pay roll invoicing.

Two independent, private enterprise data processing bureaux are busy, one with 100 clients and many one-off operations, including market research analysis, structural research analyses for engineering companies, a forecast of crops for a sugar company, and work for a big research project into wild life. Computer investment in Kenya is estimated to be about £13m and going up. Of the 40 main frame computers, ICL has provided some 25, followed by IBM's 10.

America's NCR last year *chalked up its highest sales in* two decades in Kenya, with the big banks, Barclays, Standard and the Commercial Bank of Africa, among its largest customers, Burroughs, Olivetti, Data General and Wang (a newcomer) are also competing hard in an expanding mini-computer market.

Do computers create unemployment in developing countries by displacing clerical staff? "One cannot deny that *some jobs are destroyed*," says Mr. Mike Eldon, general manager of ICL. "The net effect, however, is difficult to measure through. All one can say for certain that the introduction of computers changes the mix of jobs, changes the organisational structure, and in such a way that many people acquire new skills and disciplines and become more productive."

Computer jobs, far from being expatriate dominated, are largely filled by young, educated Africans, who are moving steadily into the business. Many companies have ongoing training schemes and some send employees overseas for advanced training.

"Out of our work force of 90 in Nairobi only four are expatriates," said Mr. Eldon. "We have our own training school with three full-time *staff and a manager*, providing more than 40 weeks of training a year in a full range of operating, programming and systems courses." Training includes such courses as on-line techniques and financial modelling. Specialised courses for engineers, programmers, users and senior management are given by ICL in Britain.

"Our employees will be studying for as long as they stay with us," says Mr. David Rees, managing director of NCR in *Kenya*. "*Computer technology* advances so quickly these days that anyone in the industry needs constantly to update his knowledge." Mr. Rees's sales team has 20 different courses on a mandatory basis.

One young Kenyan African, Mr. John Liboyi, a physics and maths graduate of Makerere University now with ICL, trained in Kenya and Britain and worked his way up to be manager of the systems and technical support department of the company.

Bright young men like John Liboyi are an essential part of the ICL operation Kenya, *working in the sensitive areas of top* executives and senior management. In Kenya, the man who supplies the computer usually has to go in with the complete package. He advises on the recruitment and training of the customer's staff and the organisation of the computer department, *supplies training* courses for senior management, works out computer applications and provides full back-up services.

Iran pulls out of $575m Bell helicopter contract

BY STEWART FLEMING

NEW YORK—The Government of Iran has pulled out of *a major military contract worth* $575m with the Bell Helicopter subsidiary of the U.S. conglomerate Textron.

The Iranian Government has told Textron that it is terminating work on the contract for the co-production of Bell Helicopters because of "force majeure *events," a clear reference to the* political turmoil in the country and the shifting priorities of the Government.

The termination of the helicopter programme is part of an emerging pattern of cutbacks and delays in overseas purchasing, particularly in the military area.

The Shah has previously told the U.S. that he is deferring previous plans to ask the U.S. to sell Iran several billion dollars *of weapons in order to channel* the money into social programmes in the hope of meeting domestic political criticism.

Companies such as General Dynamics and Grumman for example are expecting deferral of plans to buy military aircraft which they manufacture and *State Department officials* have reported that negotiations with Westinghouse, the giant electrical equipment producer, over possible construction of nuclear generating plants have been suspended.

Textron announced earlier in the month that Iran had failed to meet an advance payment on the helicopter co-production contract due on October 1, and that it had therefore stopped work on the project.

It said then and repated again yesterday that its other Iranian contracts for training helicopter pilots and building repair facilities have not been affected.

Coupled with the news that Iran has stopped oil exports however, the announcement of the termination of the Bell contract will undoubtedly intensify anxieties among U.S. companies, including banks, which have business relations with Iran.

The ending of oil exports could present the banks with a particularly difficult problem since it deprives the country of the bulk of its foreign exchange earnings.

N. American boost for Tootal

BY RHYS DAVID

TOOTAL, the Manchester based international textile group, is posting one of its senior directors, Mr. Derek Allen, to the United States to supervise the group's expanding American activities.

The company already has a substantial U.S. presence *through American Thread, one* of the leading manufacturers of industrial and sewing threads, and is hoping to complete early next month the purchase of the retail chain Ups'n Downs, acquired earlier this year in a $19.3m deal.

The acquisition will add around $60m to Tootal's North American turnover bringing the total, including American Thread, Bell Thread in Canada and exports from the UK, up to around $200m.

Mr. Allen, who is currently chairman of English Sewing Cotton, one of the main Tootal subsidiaries, will be responsible following his move in April for the overall supervision of group interests in both North and *South America*.

One of his first tasks will be to see through the establishment of a new company, Tootal Inc., probably to act eventually as a holding company for Tootal's U.S. interests, including American Thread.

Tootal, which had sales of £194m in the first six months of *its current year*, has been expanding its overseas activities for some time and has been seeking at the same time to move away from dependence on basic spinning and weaving activities.

A new subsidiary was formed two years ago to take advantage of trading opportunities in a variety of products in the Far East, and the group has recently *announced a restructuring of its* Australian activities following its purchase of a major stake in the Australian company, Bradmill. Mr. Allen said that the group would be looking for further expansion in North America.

Following his move to the U.S., Mr. Allen will relinquish *his position as chairman of* English Sewing, but he will retain his seat on the main board.

Japan in $200m Saudi project

TOKYO—*Japan* and Saudi Arabia are planning to join forces to build one of the world's largest methanol plants in the northern part of the Arab state, according to industry sources here.

A spokesman for Mitsubishi Gas Chemical, which is in charge of the project in Japan, said officials from Saudi Arabia's State-owned Basic Industries Corporation and Japanese industry leaders will meet next month to discuss details. A formal agreement is expected to be signed by next March.

Present plans call for contruction of a methanol plant capable of producing 600,000 metric tons a year at Al Jubayl on the Gulf. The Japanese group, including C. Itoh, a leading *trading house*, would import about 85 per cent of the plant's output, an amount expected to meet about 60 per cent of annual domestic demand.

Construction of the plant is expected to cost some $200m. The Saudi Arabian Government would provide 60 per cent of the funds while 30 per cent would *be shouldered by a joint* company to be established by the two sides. The remaining 10 per cent would be acquired from Japanese banking institutions.

Since the project represents a major economic co-operation between Japan and Saudi Arabia, the spokesman said, the Japanese Government would also be asked to invest in the project.

● A Japanese consortium of 21 banks led by the semi-official Export-Import Bank of Japan has decided to supply an additional Y38.5bn (about $198m) loan to a *Japanese investment* company, Iran Chemical Development (ICDC), to help finance a 50-50 joint Iranian-Japanese petrochemical project, the Export-Import bank said.

AP-DJ and Reuter

China joint venture talks

TOKYO—Tokyo Sanyo Electric, an affiliate of Sanyo Electric, specialising in re*frigerators, said* it has received inquiries on the setting up of refrigeration equipment plants in China, including the possibility of a joint venture. *It would be the first joint venture* with China.

The company said discussions on the type of equipment, the scale, locations and means of joint co-operation were under way.

It was reported that the municipalities of Peking and Shanghai made the offer to Tokyo Sanyo when a delegation of revolutionary committees *from the two cities* visited Japan recently.

The newspaper Nihon Keizai Shimbun said the Japanese would be allowed to have a 49 *per cent interest in the proposed* joint company, which would make freezers and refrigerated showcases for food stores.

The company declined to comment further on details. It is expected that the parent, Osaka-based Sanyo Electric, will also take part in any venture.

EEC fair trading probe

BY GILES MERRITT

BRUSSELS — The European Commission has been asked to investigate allegations that the Belgian Government is involved *in a distortion of fair trading* conditions through its application of regional development aids.

A Belgian wallpaper manufacturers, Erde, has lodged a complaint with the Brussels Commission in which it singles out the State aids being made available to a competitor, Balamundi-Genval, as contrary to EEC competition law.

The Erde submission is understood to be that direct subsidies totalling BFr 280m (£4.8m) and State guarantees for BFr 170m worth of loans authorised by *Belgium's Wallonian regional* development authorities constitute a trade distortion inside the country's wallpaper industry.

Meanwhile, Brooke Bond Liebig Benelux, the subsidiary of the major U.K.-based group, is reported to have withdrawn its appeal to the European Court of Justice against an EEC Commission ruling that it had broken Community competition rules in Belgium.

State spent £3.3m on 'useless yard'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

TWO GOVERNMENT departments have spent £3.3m on building a construction village which has never been used, and which may now have to be written off because of lack of maintenance.

The Scottish Development Department and the Department of Energy built the village near the Portavadie oil platform site in Argyll in 1975.

It was thought then that there would be a big rush of orders for North Sea fields. But there were fewer contracts than expected, and the yard failed to win any work.

Most of the land needed for the platform site was already publicly owned. The village site, however, was still privately owned, but the two departments nevertheless went ahead with building.

Since then, negotiations to buy the land have failed, and the Scottish Development Department has been advised that it probably does not own the buildings, which under Scottish law belonged to the owner of the land. The owner is a consortium called Sea Platform Constructors (Scotland), which is led by Cementation Construction.

The matter has been investigated by the Comptroller and Auditor-General, Sir Douglas Henley, who is extremely critical of the behaviour of both departments.

In his report he says that the original intention was that the developer at Portavadie should sell the land on which the village was built to the Scottish Development Department. However, the contract between the government and the developer was terminated before this happened.

Sir Douglas adds that Sea Platform Constructors has now refused the Department of Energy access to the village. "As a consequence, the buildings have suffered serious deterioration and may no longer be usable."

The Department of Energy said yesterday that it had been acting as agent for the Scottish Development Department in building the village. The Scottish Development Department refused to answer questions about the village because it said it did not own it, and all queries therefore had to be directed to Sea Platform Constructors.

Sea Platform Constructors and Cementation Construction were both unavailable for comment yesterday.

West End and City rents closer

By John Brennan, Property Correspondent

THE LEVELS of rent for City of London and West End offices have been moving closer in the past year. And two new lettings over the Christmas period serve to illustrate the current change in the traditional balance of rents in the two areas.

London and Overseas Express Freight, which took over the remaining 21 years of the lease on the 8,000 sq ft period office building at 54 Pall Mall, SW1, earlier this year has just sub-let 2,000 sq ft of offices to two tenants for an astonishing £19 a sq ft on one year rent reviews. This letting, negotiated by Goldenberg and Co., sets a new standard for rents on even the best quality West End office suites.

The firms taking the surplus space are ADEPT, a packaging design and technology group, and the U.S. company Flopetrol Services Incorporated, represented by Henry Davis.

As the Pall Mall letting was being negotiated, comparable offices in the City of London, two 5,900 sq ft office floors of Broad Street House at 55 Old Broad Street, EC2, were being let for close to the £17 a sq ft asking rent by Richard Ellis, and Hampton and Sons, acting for Trafalgar House Developments.

Trafalgar, which is marketing a further five 5,900 square feet floors of surplus space and a 12,340 square feet separate self-contained wing of its building, has let one floor to Manulife International Investment and another to Midland Montagu Leasing at close to its asking rent.

Rank cuts link with two Japanese hi-fi companies

BY JOHN LLOYD

RANK AUDIO VISUAL has severed its marketing ties with the Japanese audio-visual companies, Akai Electric and Rotel.

Rank Organisation's figures for the financial year 1977-78 will be announced next month, and while it is expected that the results for the audio-visual company will be much the same as last year, the hi-fi division is expected to show losses.

The company will probably go ahead with a modest investment programme of no more than £1m in its Bradford factory, which manufactures Leak and Wharfedale loudspeakers.

Rank distributes Akai and Rotel equipment through its wholesaling network, but the weakness in the market, coupled with intense competition, has meant that the arrangement has ceased to be attractive to any of the companies.

Both Japanese companies will set up their own wholesale networks early next year. The date for the handover from Rank to Akai will be February 12, and the handover date to Rotel will be April 2.

Some 60 people, who formed the marketing team for Akai and Rotel within Rank, will be affected by the reorganisation. It is expected that some will move into the independent Japanese distribution companies.

Akai and Rotel will take over full responsibility for guarantee obligations, spares and servicing.

Rank said yesterday that the trend in the market was away from marketing links between companies towards independent organisations, because of the extra pressure on profits imposed by the distributor's margins.

Home prices in Scotland still rising says report

By Ray Perman, Scottish Correspondent

SCOTTISH HOUSE prices are expected to continue rising at an annual rate of between 15 and 25 per cent in 1979 despite mortgage restrictions, the Royal Institution of Chartered Surveyors says today.

The institution's Scottish branch says in a report that in the last quarter price increases of up to 5 per cent have been common and in some cases rises have been as high as 10 per cent.

Older properties in town centres have been selling well. One estate agent member of the institution reported that modern houses in outlying areas were much slower to sell.

Best year

The market for country houses has had its best year ever with increases in prices of 25 per cent and above. Demand is strong for houses and cottages, particularly at about £100,000 for a home with 10 acres within commuting distance of the cities.

In Edinburgh, a city centre flat that did not sell at £30,000 in September went for £34,000 in November, while a house in the suburbs gained 5 per cent of its purchase price when resold two months later.

In Glasgow, houses have been realising 8 per cent over asking prices and in one instance a detached villa advertised at £50,000 sold for £63,000.

Output 'to grow as world trade rises in 1979'

BY DAVID FREUD

OUTPUT GROWTH in the UK should strengthen towards the end of next year, mainly due to improved export performance as world trade becomes more buoyant, says the London Business School Centre for Economic Forecasting.

The centre says the Government will have to introduce a deflationary Budget if it is to retain the present limits on monetary growth in the 1979-80 financial year.

On an unchanged fiscal policy, the centre forecasts a public sector borrowing requirement of about £9bn in 1979-80 and monetary expansion some 4 per cent above the upper limit of the present 8 to 12 per cent annual growth target.

The centre assumes inflation will remain the Government's priority and that the borrowing requirement will be reduced sufficiently to make the monetary target feasible. Its forecast assumes this will be done through some minor public expenditure cuts and a £2bn increase in income tax.

This would reduce the borrowing requirement to £7bn. The centre says the most likely way for income tax to be raised would be by a failure to index tax allowances in the Budget. The centre said: "In practice an increase in indirect taxes would be preferable."

The pace of growth in real output in the UK appears to have slackened in the second half of 1978 but the centre expects slow growth at the turn of the year.

It forecasts expansion of 3 per cent in 1979 as a whole (at 1975 prices) compared with 3.5 per cent in 1978. However, growth should be increasing again towards the end of next year.

This will be helped by the co-ordinated recovery in world trade and output towards the end of 1979 forecast by the centre, provided "the deflationary policies of the U.S. are not followed elsewhere."

Real incomes rose by more than 5 per cent in 1978 and consumers' expenditure by about the same amount. The centre says slower growth of earnings in 1979, combined with more rapid growth in prices, will squeeze the growth of real incomes to about 1 per cent, while consumers' expenditure will grow by about 2.5 per cent.

However, the slowdown in consumption will be partly offset by stronger growth in total fixed investment, particularly in the public sector. Stockbuilding is expected to fall.

Consumer prices are expected to rise by slightly less than 10 per cent in 1979 as a whole and the current account balance of payments to be in approximate balance.

The centre says the exchange rate index is likely to be constant at roughly its present level throughout much of 1979, with some weakening later in the year.

Job-changers 'know pension will be hit'

BY ERIC SHORT

EMPLOYEES with pension schemes tied to final salaries normally expect to receive a lower company pension if they change employment compared with those staying with one company.

This was said by The Life Offices' Association and the Associated Scottish Life Offices in their joint evidence to the Occupational Pensions Board inquiry into the protection of occupational pension rights and expectations on change of employment.

In March, Mr. David Ennals, Social Services Secretary, asked the Occupational Pensions Board to study the present methods of protecting pension rights and to recommend improvements.

The life offices said, under the present system, an employee on changing jobs had his pension with his former employer based on his salary at the time of leaving. Since this invariably differed from the employee's salary at retirement, on which the pension expectation was based, there was a shortfall compared with the employee who had not changed jobs.

The life offices said much protection could be given by revaluing the employee's salary at the date of leaving in line with average earnings up to retirement. But it warned such a move could involve companies in much higher costs in meeting the benefits provided by the pensions scheme and could be detrimental to the rights of employees who remained with the company.

Finally, the life offices thought legislation on this would be counter-productive if it did not account for the psychological, practical and cost factors.

The Institute of Actuaries, in its evidence, said there was much misunderstanding by the public over pension rights and added there was no easy solution.

The actuaries also felt that any legislation should remember smaller employers. Here any additional cost could prevent pension benefits improving from current levels.

LSMO stake cut in Ninian oilfield

BY SUE CAMERON

LONDON and Scottish Marine Oil's interest in the North Sea Ninian field is to be cut from an estimated 9 per cent to 7.78 per cent at the beginning of the New Year.

LSMO said yesterday there were now indications that there was more oil in the Northern Block 3 of Ninian than in the Southern Block 38 in which the company has its interest. This was the reason for reducing LSMO's stake in the field.

The agreement on LSMO's reduced share in Ninian, which is subject to obtaining various consents, marks the first redetermination of participants' interests in the field. LSMO said further redeterminations of interests were due in 1980, 1982 and 1984.

The reduced interest in Ninian would have given LSMO a £13m refund for past capital expenditure but the company has agreed to contribute an extra £19m towards platform costs. The platform agreement means LSMO's net cash outflow will be £6m.

LSMO's partners in the Southern block of Ninian are BP and Ranger Oil. These three now have a combined interest of just under 26 per cent in Ninian. The other companies in the field—Imperial Chemical Industries, British National Oil Corporation, Murphy Oil, Chevron Petroleum and Ocean Exploration—all have their interests in the Northern block and they now have a total share in the field of about 74 per cent. The companies involved in the Northern block have taken on the share that LSMO has given up.

Originally, when assessments of Ninian's reserves were first made in 1974, the shares between the two blocks were nearer to 30 per cent for the South and 70 per cent for the North. The Northern block share has increased because of indications that it has more oil.

Chevron Petroleum is the operator on the whole of the Ninian field.

Oil from Ninian began to flow last Friday. Ninian is the third largest oil field in the British sector of the North Sea and it has estimated recoverable reserves of 1.2bn stock tank barrels. It is expected to reach peak production of 360,000 barrels a day in 1982.

Co-op loans to cost more

THE CO-OPERATIVE BANK is increasing the cost of personal loans in line with the general rise in the level of interest rates.

The bank announced yesterday that its rate on new loans repayable over periods of 12 to 36 months will rise from next Tuesday from 15 per cent to 16 per cent.

Home development loans, repayable over 37 to 60 months, will cost 17 per cent against 16 per cent previously.

Orkney island plans sheep processing unit

THE people of the Orkney isle of North Ronaldsay are planning to set up a processing unit on the island to market their native species of sheep.

The island's 4,000 sheep feed solely on seaweed from the foreshore for nine months of the year.

The flock needs reducing by 300 sheep per year because of overcrowding. It is thought that smoking and processing the whole carcase and curing sheepskins would create employment on the island.

A steering committee has been investigating different methods of handling the production.

Profit margins fall for small grocers

FINANCIAL TIMES REPORTER

THE INDEPENDENT grocer and his traditional supplier, the wholesaler, have come off worst in the food industry's price-cutting war.

Britain's 73,000 independent food stores have seen their market share slip to 35 per cent while the 7,000 supermarkets have increased their share of the market from 44 per cent in 1971 to 51 per cent last year. The 6,000 co-operative stores made up the remaining share.

Multiple stores have achieved growth in sales and profits at a time when there has been no growth in household food expenditure by aggressive price cutting and marketing that has reduced profit margins to "barely viable" levels according to Inter Company Comparisons, which has produced reports on supermarkets and grocery wholesalers.

Some wholesalers have kept pace with supermarkets by setting up voluntary trading groups such as Spar, VG and Mace to gain from bulk buying. This has been partly successful, ICC says, although achieved at the expense of profit margins which have ben cut to extremely fine levels. Average profit margins for wholesalers in the three years surveyed by ICC slipped from 1.5 per cent to 1.3 per cent in the final year compared with a recovery for supermarkets from 2.9 per cent to 3.2 per cent.

Both reports took 60 leading companies and compared and analysed their performance over three years to January, 1978.

Supermarkets averaged a 50 per cent sales increase with growth spread evenly throughout while grocery wholesalers' turnover rose by 40 per cent with slightly faster growth in the second half. Only three wholesalers, Rawlins Brothers, Nurdin and Peacock and Batleys of Yorkshire, managed to increase sales by more than 25 per cent a year.

In 1975, grocery wholesalers had, on average, a far larger return on capital than supermarkets. Now the position has been reversed.

Supermarkets weathered the competitive conditions well in terms of return on capital with a rise from 15.6 per cent in 1974/75 to an average of 20.2 per cent in the final year. Grocery wholesalers, on the other hand, slipped from 23.6 per cent to 20.5 per cent in the same period.

The current year for supermarkets should show a further improvement in financial performance, according to ICC. As for grocery wholesalers, ICC concludes that the trend towards wholesalers either merging or forming voluntary trading groups seems certain to grow.

Business Ratio Report on Grocery Wholesalers. Published by Inter Company Comparisons, 81, City Road, London EC1Y 1BD. £44. Business Ratio Report on Supermarkets. £44.

Fleet Street papers 'could become casualties of falling circulations'

FINANCIAL TIMES REPORTER

THE DECLINING circulation of national newspapers could lead to casualties among them, says a new survey.

The survey, by Keynote, a market analysis company, is also pessimistic about the continued survival of two London evening papers. It quotes Audit Bureau of Circulation figures showing that the average loss of circulation of the London evenings has been 30 per cent between 1973 and 1977.

It says: "Despite Fleet Street opinion to the contrary, there must be a question mark against the survival of both London evenings in their present form."

During the five-year period to 1977 the average loss of circulation of all national newspapers was nearly 11 per cent.

After that of the London evenings, the greatest loss was suffered by the popular Sunday newspapers which declined by an average of 15 per cent.

The popular dailies taken together, lost only 2.8 per cent of their circulation in the period, although there were wide swings within the group.

The Sun gained 28 per cent to reach 3.8m in 1977, while the Daily Express lost about the same percentage in a fall to 2.39m. The quality dailies lost an average of 10 per cent of their circulation, with the largest loss recorded by the Guardian (13 per cent).

Keynote, the market analysis company, says the figures "clearly demonstrate the decline in the market for national and London evening papers."

During the same five year period up to 1977, advertising revenues increased by only a modest 22.6 per cent according to Department of Industry figures quoted in the survey.

However, a sharp improvement in the first half of 1978 was recorded with an increase in advertising revenues of 17 per cent over the corresponding period of 1977 to reach a total of £340.8m.

Keynote describes the relative fall in advertising revenues in the years following 1973, superimposed upon the 120 per cent increase in the price of newsprint during the five-year period.

The report adds: "A further problem for the nationals has been the attempt to introduce new cost-saving print technologies. Capital for this essential modernisation has been difficult to come by, but in each case such moves have been fiercely opposed by print unions anxious to protect their members' jobs.

Pioneered

"These technologies were pioneered by the regional press in the early 1960s and include computerised photo-composition, which speeds up both the setting and the composition of pages and web-offset, which enhances the quality of reproduction and colour availability."

The report adds: "The regional Press has proved more adaptable . . . so that, currently, 58 out of 79 evening newspapers, 10 out of 19 mornings and 534 out of 1,078 weeklies use either or both methods."

There has been a substantial decline in the number of retail outlets, from 35,000 in 1974 to about 32,000 newsagents in 1977, says the report. About half of all newspapers are delivered to homes by the retailer.

The report says margins on the cover price are about 28 per cent for retailers and 10 per cent for wholesalers.

Keynote says that the growth of free sheets appears to have continued. In 1970, they attracted an estimated advertising revenue of £2m, which had risen to about £30m by 1977.

The report says the gloomy outlook for Fleet Street, particularly if labour troubles continue, is offset by a comparatively bright prospect for the regional press. In the regionals investment in new plant has been effected with comparative ease, the analysts say. The underlying trend for national advertisers, especially retail chains, to take increasing display space in the regionals is expected to continue.

Toll increases opposed

A PUBLIC inquiry will open in Liverpool on January 23 into Merseyside County Council's application to increase the tolls through the two Mersey tunnels, in line with policy laid down by the Department of Transport.

The toll for private cars, with commuters representing 95 per cent of traffic, would rise from 25p to 30p for a single journey. There would be comparable increases for other forms of vehicle.

The tunnel tolls were increased only 18 months ago and there is expected to be strong opposition. But the Government has said revenue must increase to offset the tunnels' deficit.

The loss last year was £3.4m, and the overall deficit is now £22m. The Merseyside authority thinks the tunnels should be toll-free and has set up a consortium with other tunnel and bridge authorities to urge this policy on the government.

R-R wins TriStar deal

ROLLS-ROYCE will get a £10m share of an order worth £40m (more than $80m) placed by British West Indian Airways for two U.S. Lockheed TriStar airliners using RB-211-524 engines.

This deal, which converts into a firm order an earlier option on the aircraft held by the airline, brings total firm TriStar sales to 193 aircraft to date, with another 69 aircraft on option. So far Lockheed has delivered 160 TriStars.

The airline's new aircraft will be the long-range Series 500 TriStars, for use on its routes between Europe and Trinidad and Tobago.

Lockheed also said yesterday that it had received from the Dutch Government confirmation of its £150m order for 13 Lockheed P-3C Orion maritime patrol aircraft.

School aid plan for over 16s

LOCAL education authorities in England have been sent details by the Department of Education and Science of proposals for giving financial support to 16-to-18-year-olds who stay on in full-time education.

Depending on sufficient interest by local authorities, the scheme would begin next September. The maximum grant would be £7.50 a week.

Britain still asleep the morning after

FINANCIAL TIMES REPORTER

MUCH OF the UK continued its holiday slumbers yesterday with Government departments, many shops and factories stretching out the Christmas break.

Government offices in London were staying closed until today. The Labour Party's headquarters at Transport House will be closed until January 2 while the Conservative Party headquarters is operating on a skeleton staff until the same date. A Conservative said: "We thought it wrong to be totally closed when the media was working."

But if Central Government slept local government was operating as normal yesterday. The GLC said: "Local government is in full action all of the time. Each department is fully working although some staff have taken leave this week."

In the West End, where police are still mounting their 2,000-strong "Operation Santa," the sales got off to a brisk start. Debenhams said: "People have kept a lot of money back for the January sales. We reckon to have a record first day of the sales today."

Industries which were closed throughout the country included building and civil engineering, heating and ventilating, electrical contracting, paper manufacturing and certain parts of the coal and steel industries. Most will remain closed until January 2.

British Steel said closures varied from division to division according to workloads, order patterns and manufacturing processes. "In the main people are taking holidays until January 2."

British Rail, which tried to run normal services, was hit yesterday by "staff sickness." Twenty trains operating from Waterloo were cancelled early in the day because of staff shortages. There were delays on the Portsmouth-Waterloo service because of a bomb alert. There were isolated delays on the Midland service from Euston too, due to absenteeism.

All London's main line stations said traffic was like a Sunday with the number of commuters at least halved.

All was quiet on Britain's roads according to the Automobile Association. The main activity was a flood of inquiries about petrol supplies.

The AA said about half the garages in West Wales, Scotland and Northern Ireland were closed because of staff holidays, not petrol shortages.

Only one-fifth of the garages in the Midlands were closed and about one-third in the North of England. In London petrol services, after last week's panic buying were almost back to normal.

Group's bid to end typewriter 'bargain' mix-up

BY PAUL TAYLOR

ONE of the leading manufacturers of electric and portable typewriters is to abandon the use of recommended retail prices from January 1 in an attempt to end misleading bargain offers.

SCM (UK), a subsidiary of the U.S.-based SCM Corporation, will also press retailers to include value added tax in shop-window prices.

Formal announcement of the company's change in marketing policy will come tomorrow and is likely to pave the way for similar announcements from other typewriter manufacturers.

The company, which manufactures Smith-Corona typewriters at three plants in the UK, said yesterday that "inflated recommended retail prices and misleading offers suggesting huge discounts had led to confusion among the public."

SCM said it was "taking the lead" in an attempt to rationalise the whole price structure of typewriter sales—one of the most competitive areas of high street trading.

The majority of retailers sell typewriters well below the recommended retail price and some operate dual-pricing systems—sale price and recommended price—which, it is claimed, can lead to confusion.

Mr. Chris Hedges, SCM sales manager, said that many retailers offer discounts of more than a third on recommended retail prices and that the company's move was designed to encourage customers to look for the lowest price and not the largest discount.

There is also no reason, said the company, why retailers should mark typewriter prices exclusive of VAT when the public has no opportunity to reclaim the tax.

In future SCM will let the trade set its own prices and decide its own margins without reference to any guideline.

The decision to drop recommended retail prices reflects the company's confidence in its marketing position.

SCM claims to be the largest manufacturer of consumer electric typewriters in the world and also has a smaller, but still substantial, share of the market for consumer portables.

SCM's decision will probably please Mr. Roy Hattersley, Prices Secretary, the Price Commission and the consumer organisations, who have all expressed concern over dual pricing for other products.

Mr. Hattersley recently introduced proposals for banning recommended retail prices on beds and has also suggested other measures to end the use of misleading offers by retailers.

New moves likely in journalists' strike

By Pauline Clark, Labour Staff

NEW MOVES seem likely to be made early next week aimed at ending the national pay strike by Britain's 9,000 provincial journalists.

Until then, however, many local newspapers throughout the country are expected to continue to suffer from the combined effects of picketing by their own striking journalists and curtailed news output from the Press Association.

The National Union of Journalists said newspapers which were unable to produce yesterday included the Western Daily Press in Bristol and the Portsmouth Evening News.

The union said yesterday that it would be calling 250 chapel fathers (union branch leaders) to a "briefing session" in London on Tuesday.

Special council

The Newspaper Society, representin gabout 260 employers, is to hold a special council meeting when its members will also consider developments in the dispute on the following day.

In considering the union's rejection of an offer worth nearly 9 per cent, the society should also have learnt the results of its 10.9 per cent offer to staff in the Institute of Journalists.

The society has so far insisted that the union must call for a return to normal working before negotiations can proceed.

Meanwhile, the strike which has cost the union some £100,000 so far is believed to have hit the smaller independent papers harder than those in the big provincial newspaper groups. Some local papers in the London area have failed to appear for three weeks because of the dispute.

Building men call for total wage review

BY ALAN PIKE, LABOUR CORRESPONDENT

A TOTAL review of the building industry's wage structure is being demanded by the Union of Construction, Allied Trades and Technicians, as part of its pay claim.

The union says that the existing structure is "notoriously complicated" with three elements making up guaranteed minimum earnings in addition to a range of allowances.

UCATT leaders tell their members in the current issue of the union's journal Viewpoint that they fought for a simplified pay structure during the last wage round but succeeded only in consolidating the 5 per cent pay policy supplement.

The Government's "rigid guidelines" would not then permit consolidation of all supplements into basic pay as they would count for overtime and bonus payments.

"This year no such constraints will apply so UCATT will be pressing for a total review of the wages structure to make some sense of the present jungle of supplements and bonus-overtime calculators."

The union wants overtime and bonus payments to reflect a fully consolidated basic rate to prevent employers getting overtime "on the cheap."

Delegates to union conference earlier this year called for a "militant campaign" to achieve £2 per hour for craftsmen and £1.90 per hour for other construction workers, and this will form the basis of the new claim. Permanent pay parity for building workers employed by local authorities and a 35-hour week will also be included in the claim.

UCATT argues that a shorter working week would, in addition to reducing employment, bring many benefits to the construction industry, including "less stress and fatigue, a lower rate of industrial accidents and ill-health, a reduction in absenteeism, better quality of work and greater productivity."

Executive wins £5,200

A COMPANY executive, aged 56, who was made redundant because his employers believed he was too old, has been awarded £5,200 compensation by a Birmingham industrial tribunal.

The tribunal ruled, in a written decision, that Mr. Leslie Moore's age was the major—if not the only—reason why he was made redundant from his job as a material buying controller while his assistant was kept on.

Mr. Moore's compensation for unfair dismissal is in addition to £1,182 redundancy pay which he has received from his former employers, William Cox, of Tring, Hertfordshire.

Giving the tribunal's decision, Mr. Roy Handforth, chairman, criticised senior executives for lacking the humanity and moral courage to tell Mr. Moore that they had decided to dismiss him four months earlier.

Mr. Moore had been told that he would be kept on after company reorganisation and that his assistant would be made redundant. But he was dismissed and his assistant kept on.

His dismissal came after eight years' service. The company had offered Mr. Moore a job that he could not physically perform, although he had asked to be considered for less well paid work.

Labour in £100,000 poster campaign

BY ELINOR GOODMAN, LOBBY STAFF

THE MAIN political parties will fight it out on the poster hoardings in February even if there is no spring General Election.

The Labour Party is to spend £100,000 on a six-week poster campaign, starting on February 1. The Conservatives, who attracted attention last year with a controversial campaign by the Saachi and Saachi agency, are expected to retaliate.

Both parties are thought to be considering cinema advertising. Labour publicity advisers are apparently toying with the idea of answering back in kind the humorous Saachi and Saachi cinema commercials.

The Labour poster campaign will be in the familiar style of socialist publicity. The slogan is that of the party political broadcasts, "Keep Britain Labour."

It may be a very expensive year for political party advertising.

Both parties will try to maintain the propaganda initiative, and if the election is not held until October a number of separate campaigns are likely.

Despite shortage of funds, Labour has decided to launch a campaign in February in case there is a spring election.

Last year Labour spent £100,000 on a poster campaign on the assumption that Mr. Callaghan would go to the country in October, showing that Transport House had little advance warning of his election plans.

Last autumn the campaign committee was able to cancel at the last moment the £200,000 of Press advertising fixed for October, but could do nothing about the poster campaign.

Some members were furious at what they thought waste by the poster campaign, but the committee's considered view was that it was a success and should be repeated in February.

Canadians consider Tri-ang rescue

By Robin Reeves, Welsh Correspondent

REPRESENTATIVES of a Canadian company, Pioneer Chain Saw of Montreal, are due to visit South Wales next week to discuss the possible rescue of Tri-ang, the Merthyr Tydfil-based toy manufacturer.

This has boosted hopes that Triang, which seemed certain to go into liquidation when the Government withdrew financial support, may yet find a new backer to continue in business.

At the beginning of December, the majority of Tri-ang's 300-plus workforce were declared redundant by the Government-appointed receiver, who has been running the company for the past 12 months.

Workers have continued to report each day in the hope that the Welsh Development Agency and the Wales TUC can find a rescue formula.

The Co-operative Wholesale Society is said to have been exploring the possibility of a partnership with the Welsh Development Agency to relaunch Tri-ang.

Aston Martin chief joins De Lorean

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A KEY appointment to the team which will develop the controversial De Lorean sports car was announced yesterday. Mr. Michael Loasby has left Aston Martin to join the Belfast-based project next week as director of engineering.

Mr. Loasby, managing director of Aston Martin Engineering for the past three years, was responsible for developing the Lagonda.

The De Lorean sports car is already at the prototype stage, and Mr. Loasby will be concerned with its development into a commercial product. He will head a team which includes specialists from Group Lotus, who are helping with the design and engineering of the new car.

Mr. Loasby will join the board of De Lorean Motor, which is chaired by the American founder of the company, Mr. John Z. De Lorean. This move is expected to be followed by other board appointments shortly, including that of the managing director, and the directors of production and purchasing. The director of personnel and administration has already been named as Mr. Myron J. Stylianides, until recently with Chrysler Europe.

The British Government has agreed to put £52m towards constructing and equipping plant in west Belfast. The loan will be repaid in the form of a levy of £185 for each of the first 90,000 cars sold, and £45 a car from then on.

The Northern Ireland Development Agency will contribute £17.75m to the £56m in the form of equity, and Mr. De Lorean is planning to raise $14m towards the financing of the project through an equity issue in New York. There is also a possibility that he will raise an additional $80m if the market responds favourably to the initial issue.

Air charter switch opposed

By Michael Donne, Aerospace Correspondent

ANY ATTEMPT by the British Airports Authority to transfer charter airlines from Gatwick Airport to Stansted or Luton to make room for more scheduled services would damage the long-term viability of Gatwick, as well as cause considerable inconvenience to passengers.

Mr. Martin O'Regan, chief executive of Britain's newest charter airline, Air Europe, said yesterday that there had been some suggestions that charter airlines already using Gatwick might be required to move out as more scheduled airlines moved into the airport.

But such a move would not solve any of the problems of congestion. Charter airlines had been the life-blood of Gatwick in the past, and would go on providing a valuable service in future.

"It would cause great inconvenience to passengers on charter flights if they always had to travel to somewhere like Stansted or Luton. A man who lives in Brighton, or even a London suburb, does not want to travel all the way out to Essex or Bedfordshire to catch an aeroplane before going on holiday."

Air Europe starts flying from Gatwick in May with a fleet of five new Boeing 737 jets.

● Brymon Airways, the independent West Country airline, is cutting the one-way fare between Gatwick and Plymouth on January 1 by £4.20 to £20. The airline flies twice-daily in each direction. The journey takes one hour 10 minutes.

Big companies face conflict over early retirement plans

BY OUR LABOUR STAFF

SOME OF Britain's biggest companies may face a serious conflict of views on early retirement when negotiating with trade unions and non-TUC representatives of management staff later this year.

The 9,000-strong Association of Management and Professional Staffs said yesterday it would be studying closely the American example of not forcing people to retire before the age of 70.

This was to "prepare the groundwork as thoroughly as possible" for negotiations in the coming months with major companies such as ICI.

Trade unions which are putting pressure on the Government and employers to lower retirement age as a means of reducing unemployment have already been challenged by a new Bill introduced by Mr. Ivor Stanbrook, Tory MP for Orpington. The Bill seeks to forbid compulsory retirement under the age of 70 on age grounds alone.

In particular, the association will be looking at the economic arguments for and against early retirement. It says that the theory that earlier retirement will reduce unemployment is a "two-edged sword," because a smaller workforce ends up supporting an ever-increasing number of retired people with consequent increases in taxation to support them.

Dr. Maurice Green, president of AMPS and chairman of the Federation of Industrial Management and Professional Associations, believes that the age to which a person can reasonably expect to maintain physical and mental health has steadily increased.

Yet managers and professional people who could still make a valuable contribution through their experience and "know how" were being forced to retire early and, as a result, the nation was losing their skills.

Dr. Green argues that anybody who wants to retire should be able to do so on terms which would provide a reasonable standard of living.

He claims, however, that while workers in boring, repetitive jobs may want earlier retirement, many managers and professionally qualified workers feel that "they still have considerable mileage when the axe falls."

Dr. Green criticises directors who retire managers at their peak while they continue themselves to run businesses well beyond the age of 65 as if the board provides "an elixir which rejuvenates all who are elevated."

Industry Department receives plan for cuts in shipyards

BY LYNTON McLAIN

BRITISH SHIPBUILDERS' plan to cut shipyard capacity by 35 per cent with loss of 12,300 jobs within three years was sent to the Industry Department yesterday.

The shipbuilding unions were told of the proposed cuts in November, but Mr. Eric Varley, the Industry Secretary, who was away on constituency business yesterday, will see the final proposals for restructuring the shipbuilding industry for the first time next week.

British Shipbuilders had to submit its corporate plan to Mr. Varley by the end of the year, but delayed as long as possible while attempts were made to persuade the shipbuilding unions to endorse the plan.

The latest attempt was made last Thursday, but the Confederation of Shipbuilding and Engineering Unions said it would reserve its position on implementation of the plan until a joint management and union working party had reported.

The working party was set up to find ways of reducing the social consequences of job losses in areas of high unemployment. Officials will meet as soon as possible next month.

British Shipbuilders hopes for some agreement by the time the two sides meet Mr. Varley later in January.

Mr. Varley said earlier this month that he would make no decisions on implementation of the corporate plan without consultation with both sides.

Loss of over 12,000 shipyard jobs was one of four options for restructuring the industry which British Shipbuilders presented to the unions.

The preferred option strikes middle ground between those ranging from a virtual shutdown of merchant shipbuilding capacity, with loss of 24,000 of the present 33,000 shipyard jobs, to retaining existing capacity with the aid of intervention fund money to subsidise the building of ships at a cost of £1,185m over the next five years.

The option favoured by British Shipbuilders would lead to a reduction of building capacity from the present 630,000 compensated gross registered tons a year to 430,000 by 1980-81.

But toward the mid-1980s this would rise to 480,000 if productivity increased by 25 per cent, as the corporation hopes, to raise its share of the world market from 3 per cent to 3.3 per cent by 1983.

CONTRACTS

£250,000 torpedo system

GRUNDY AND PARTNERS, a member of the international Grundy Group of companies, has secured another Ministry of Defence contract worth more than £250,000 for work connected with the Shipborne Torpedo weapon system Mk. 1. This is a self-contained system developed for the Royal Navy and designed to help position a ship for weapon launch and control.

An order valued at over £100,000 has been placed with GEC-ELLIOTT PROCESS AUTOMATION, a GEC-Marconi Process Control Company, by the British Railways Board for the provision of microprocessors for the railway electrification scheme.

*

COSSOR ELECTRONICS (an ITT company) has received orders worth over £200,000 for electronics for the Rapier low level air defence missile system, and expects to complete at least £1½m of business for the project by the end of the year. The Cossor system is fitted as standard to all versions of the Rapier, and consists of an interrogator, decoder, operator confidence facility (system self-check), and, for the tracked version, a remote control unit. The system provides rapid identification of potentially hostile low flying aircraft.

LEGAL NOTICE

No. 004006 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of FORTGAIN LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 14th day of December 1978, presented to the said Court by JAMES FINLAY CORPORATION LIMITED whose registered office is situate at Finlay House, 10-14 West Nile Street Glasgow G1 2PP, a creditor, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 22nd day of January 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRECHER & CO.,
78 Brook Street
Grosvenor Square,
London W1Y 2AD
Ref MCA Tel 01-493 5141.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm the name and address of the firm and must be signed by the person or firm or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 19th day of January 1979.

COMPANY NOTICES

Notice to the Bondholders of
ASIA NAVIGATION INTERNATIONAL LIMITED
BERMUDA

NOTICE IS HEREBY GIVEN that the Register of Members of Eastern Asia Navigation Company Limited 21st Floor, Prince's Building, Hong Kong, will be closed from 13th January to 24th January, 1979, both days inclusive, during which period the 6½% convertible guaranteed bonds 1989 issued by Asia Navigation International Limited, Bermuda, on 6th March, 1974, will not be convertible into fully paid registered ordinary shares of Eastern Asia Navigation Company Limited.

By Order of the Board
WORLD-WIDE SECRETARIES LIMITED,
Secretaries

28th December, 1978.

RHYTHM WATCH CO. LTD.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDRs")

EDR-holders are hereby informed that copies of the interim report of Rhythm Watch Co. Ltd. for the six month period ended 30th September 1978 are now available at the offices of the Depositary, 20 Fenchurch Street, London EC3P 3DB and of the Agent, Banque Internationale à Luxembourg S.A., 2 Boulevard Royal, Luxembourg.

KLEINWORT, BENSON LIMITED,
Depositary.

London,
28th December 1978

URUGUAY 5 PER CENT CONVERSION GOLD LOAN 1905
and
URUGUAY 5 PER CENT PUBLIC WORKS LOAN 1909
ASSENTED BONDS

Williams & Glyn's Bank Limited HEREBY GIVE NOTICE that they have received instructions from the Banque de Paris et des Pays-Bas S.A., Paris to pay to the extent of the funds which may be provided for the purpose coupons of the above loans due (1st January 1979) in sterling at the rate of £0.175 per unit coupon. This represents interest at 3½% in accordance with the terms of the offer of the Uruguayan Government dated 3rd January, 1939.
5-10 Great Tower Street,
London, EC3R 5DH.

COMPANY NOTICE

THE COPENHAGEN COUNTY AUTHORITY
7¾% 1972/1987 $U.S.15,000,000 Loan

Notice is hereby given to bondholders of the above loan that the amount redeemable on February 15, 1979, i.e. $US 500,000, was bought in the market.
Amount outstanding: $US 13,500,000.
Luxembourg, December 28, 1978.

THE PRINCIPAL PAYING AGENT
KREDIETBANK
S.A. Luxembourgeoise

هكذا من الأصل

هكذا من الأصل

THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

L to R: Qantas: 'Unbelievably bad,' says Peter Marsh. Dubonnet: 'Stylishly sexy,' says Martin Boase. Clarks Shoes: 'Innovators,' says Ronnie Kirkwood. Benson and Hedges: 'Lacks persuasion,' says Norman Berry.

A year of jingles and stars and . . . vintage corn

BY MICHAEL THOMPSON-NOEL

A GOOD YEAR for advertising? In terms of the ad spend—currently running at fractionally in excess of £1.8bn—it has been a remarkable run indeed, and the boom shows scant sign of petering out. But what about the ads themselves? Has the British advertising industry scaled new heights or plumbed unwelcome depths? To find out, I polled a cross-section of the chairmen and chief executives who run some of Britain's best-known agencies. This is what they said:—

● ROBERT GROSS, chairman of Geers Gross: "The only really notable thing about the year's advertising has been the amount. The unrelenting blandness, characteristic of the '70s so far, has continued. Only the quantity has increased. Some of the year's crop has had style and charm (Dubonnet, Berlei Secrets, Ambre Solaire, Dunlop corporate). A lot has been inane (Harp, Qantas, Skol, Anchor butter, Colmans).

"The formulae for blandness is almost always the same—if you can't get an idea, get a jingle. If you can't get a jingle, get a star. And if you're really desperate (Woolworth) get both. We've been sung to about everything from beer to building societies.

"Why jingles and stars? Well, both are guaranteed to score well, first with the research respondents, then with the client. Original advertising, on the other hand, can't easily be researched. It sets its own new standards and modes of thought. It risks being misunderstood and it sometimes risks offending.

"In my view, only three recent campaigns have measured up to those criteria—Benson and Hedges' Gold Box, the Conservative Party and Access Credit Card. None of these fields will ever be quite the same again.

"Who's to blame for blandness? It's fashionable to point the finger at the clients. But clients don't create advertising, it's conceived inside agencies. Maybe you can't make a client run advertising he doesn't like. Equally, he can't make you produce advertising you don't like. In my experience, very few clients actually reject good advertising. The majority are never shown any."

● PETER MARSH, chairman of Allen Brady and Marsh, liked the campaign for the Tories ("confidence, precision . . . superb"), for Grundig and for Parker Pen. But he hated the work for Qantas ("unbelievably bad") and Tia Maria. Nor did he care for the campaigns for Beefeater gin and Vladimir vodka. White Horse whisky cheered him up, but Colman's Mustard, he thought, opened with a bang that finished in a whisper ("A triumph of the pretentious over the practical"). He says three car campaigns stuck in his mind: Fiat ("Consistently brilliant, giving dash and excitement to what was hitherto perceived as a rather sluggish range of cars"), Volvo ("Very finely tuned to the target audience"), and Audi ("Shows the loving care which can be lavished on a very important account by a small agency"). He hated Chrysler.

● TIM DENEHY, chairman of Lintas: "First, the horrors. NatWest have managed an obnoxious television commercial showing a young man being told how simple it is to open a bank account, while Cinzano hits a double-first of bad ads on posters and TV. Very indifferent branding for a drink which as No. 2 has to try harder.

"Without doubt the award of the year for the worst posters goes to another drink, St. Raphael. Terrible!

"Now for the goodies — first the fantastic work by CDP for Parker pens. Whether posters, Press or TV, everything is a winner, and congratulations to Dorland for the continuing excellence of their Dubonnet commercials. Marvellous photography and terrific drink appeal."

● NORMAN BERRY, vice-chairman of Davidson Pearce Berry and Spottiswoode, thinks the most important, most radical, happening in UK advertising this year was the Tories' appointment of Saatchi and Saatchi. "The effect, besides other things, may have been to provoke Mr. Hattersley into an advertising-bashing/publicity-seeking tantrum, but the fact remains: it was an important event. Saatchis and the Central Office should be congratulated."

On the other hand he finds the new Godfrey Davis Press campaign insignificant and ill-conceived: "It startles me that an agency which can produce the Tory campaign and the outstanding Dunlop corporate can also put its name to, and persuade a client to run, anything so unworthy as this."

The run of retail advertising does nothing for him, though he very much likes the revamped White Horse whisky. "Finally, it must be two years since Benson and Hedges started their poster series for B and H Gold Box. I said then that I thought it brilliantly noticeable but that it lacked the implicit promise and persuasion of the original campaign. Now I'm sure of it."

● GRAEME ROWE, chairman of Roe Downton: "I think the year has been a fairly typical one with some extremely good advertising as well as a lot of bad. In particular, retail advertising continues, on the whole, to be extremely poor. The hard-hitting advertising required is no excuse for poor layouts, bad typography or shoddy production generally.

"One of my particular criticisms of the year is the amazing 'over-exposure' of various personalities, and also the bad use made of them. I cannot help feeling that Kenny Everett is now getting in the way of the products he advertises.

"Perhaps my pet hate of the year on TV was the Ingersoll Barry Sheene commercial. It was inept, badly produced, irrelevant and featured a 'personality' who appeared to be dragged into a jeweller's shop (on his motorcycle) for no good reason. I could see no hint of a strategy."

"One of the best simple commercials of the year is the current Duracell Battery, while Cadbury's Fruit and Nut continues to be a great success.

● JACK RUBINS, chief executive of Dorland Advertising: "1978 has not given us any great new advertising. This is particularly true of television: perhaps we are so expert at filling 30 seconds with good professional work that it seems less important to find big campaign ideas. That said, I have seen a number of good commercials that sell the goods and enhance the reputation of the product.

"Among the best was Berlei Secrets. Of the old guard, I think Hamlet cigars has the secret of keeping its ideas fresh, and Schweppes finally seem to be getting back to their old dry wit.

"Print? Am I the only one who still thinks that Benson and Hedges' post-Magritte pretentiousness is self-indulgence that will lead to grander follies in future years?"

● RONNIE KIRKWOOD, chairman of The Kirkwood Company, nominates CDP's Benson and Hedges work the magazine and poster campaign of the year "Like most original ideas, it will undoubtedly be copied, regrettably by people who do not understand it. The poorness of the copies will only enhance the quality of the original." Clarks Shoes he liked, plus Parker Pen, Fiat, Barclays Bank and Wella. His views on the worst campaigns of 1978: Qantas, Player's No. 6 and Colmans Mustard ("Has every sign of having been produced by a client who has lost confidence in his product, and by an agency that is losing its nerve and is determined to be 'creative' at any cost").

Nor did he admire St. Bruno pipe tobacco ("Does more to support the case of the anti-advertising lobby, be they feminists, economists or just politicians, than any other ad on television") and Woolworth ("Tedious . . . serves as the outstanding example of a conspicuous waste of an advertiser's money").

● COLIN GOODSON, chairman of Wasey Campbell-Ewald: "In my view everyone who had anything to do with the Colmans Mustard campaign should be hanged, and not at the R.A. British advertising is beset with the amateur and the pursuit of 'visibility' in its own right instead of relevant communication. In some fields, of course, increased regulations have made it difficult to say very much about the product. Nonetheless, some very interesting advertising has been produced—Benson and Hedges in the UK, and Gauloise in France, notably.

"Someone with something to say seems to be Williams, the furniture people, but they ought to get some left-over actors from Woolworth. I hate to admit it, but the Health Education Council commercial where the young sportsman meets himself 20 years on, really sells me."

● MARTIN BOASE, chairman of Boase Massimi Pollitt Univas, enthuses about two ads, rages about two more. Benson and Hedges cinema commercial, Swimming Pool: "An even greater *tour de force* than the posters. The heat, tension and atmosphere generated in 90 seconds make most feature films seem ordinary." Dubonnet, TV: "Two devastating films—they are above all stylishly sexy and reek of France." Vladivar vodka, Press: "We have enough mindless critics of advertising in government and elsewhere without this sort of mindless waste of advertising space." Hepworths, TV: "Wallpaper musical chorus about 'a little bit of style' while young men show you the labels inside their jackets. The cliché is so crass it makes me want to deny I work in the advertising business."

● TERRY GRIMWARD, managing director of Euro Advertising: "There has not been a great deal of impressive creative work, but we have seen the emergence of a different sort of campaign, different because it is primarily concerned with its own visibility. Some examples: what has already become a classic, the Benson and Hedges poster campaign. Colman's Mustard. A campaign which attracted some obloquy, but which has turned round a brand which was losing business to continental mustards. It has lots of attack.

"Fiat's posters, Wolf and Cage, making what was for me a rather characterless marque into a distinctive car with a recognisable personality."

● SIMON BARROW, chief executive of Ayer Barker Hegemann, defends Cinzano's Mama Mia poster, admires Campari's Cipriani Hotel sequence and takes to Britvic's soft drinks range. He also likes Woolworth's Christmas commercials.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Helps produce a stable mix

NON-IONIC, polymeric emulsifiers from ICI are intended to solve the more difficult and specialised problems of emulsions used in industries such as paper and printing, and waxes and polishes.

They are suitable for many two-phase systems and provide exceptional emulsion stability and high efficiency with excellent oil solubility. These properties distinguish the polymers from conventional emulsifiers.

Impetus for the development of the new emulsion stabilisers stemmed from work on non-aqueous polymer dispersions. Preparation of these NAD polymers called for a fundamental investigation of the basic requirements of the stabilising molecules.

Much of the early work in this area of colloid science was published in 1975 in the book "Dispersion Polymerisation in Organic Media" written by members of the Research and Development of ICI Paints Division.

Several families of complex non-ionic polymers have been developed for applications within ICI. Collaborative work with other companies has confirmed their outstanding performance and encourages their general release. Seven examples, representing three polymeric types, are available for evaluation.

The seven products cover a whole series of oil/water and water/oil systems as well as dispersions of solids in aqueous and non-aqueous liquids. They will stabilise emulsions of low solubility paraffinic oils and waxes, aromatic hydrocarbons, ester oils and chlorinated aromatics. These emulsions can withstand high temperatures and high ionic strengths.

For major applications, the molecules can be specifically tailored to meet the customers' requirements.

ICI, Millbank, London SW1P 4QG. (01-834 4444.)

Photoresist for boards

AVAILABLE FROM Agfa-Gevaert is a photosensitive liquid resist designed for the production of printed circuit boards.

The board is first evenly coated with the fluid, either by centrifugal action after pouring it on to the centre, or by dip coating.

After drying the board is exposed to ultraviolet light in contact with a film positive of the circuit. Development of the board reveals bare copper in the areas that were exposed, and the board is then etched to remove all the copper not protected by the photoresist.

The resist, called Copyrex RP 50, is resistant to any conventional etching solutions. After etching, the remaining resist is easily removed either by organic solvent, strong caustic solution, or by re-exposure to ultraviolet and re-development.

More from 27 Great West Road, Brentford, Middlesex (01-560 2131).

Less wear on the shaft

ASBESTOS is frequently used as a gland packing material in the rotary seals of food processing machinery, and in view of the unease currently felt about the substance Thomas A. Ashton of Sheffield is offering an alternative called Lattyflon 4788.

Based on a Dupont synthetic material, it also contains a PTFE dispersant and an inert lubricant. Made in France by Latty International the new substance is non-toxic, non-contaminating, non-absorbent and is dimensionally stable. It is stated to have a tensile strength higher than that of steel and is able to operate over a temperature range of −200 to +300 deg. C in pressures up to 200 bar.

Designed to reduce shaft and sleeve wear, Lattyflon 4788 can be used in mixers, agitators, and pumps handling resins, monomers, slurries and abrasives.

More from P.O. Box 133, Sidney Street, Sheffield S1 3QB (0742 21401).

● COMPONENTS

Pushing out the boat

ONE OF the least attractive aspects of sailing is attempting to launch or bring ashore a boat with the use of a conventional boat trolley. Even under the most ideal weather conditions it is a tiresome task and, should there be a strong wind, or mud or soft sand underfoot, there is always the likelihood of accidents to people or equipment.

Promising a smooth passage, into or from the water, is the Trolley-Ball whose inflatable plastic ball/wheels are a derivative of the ball on the Ballbarrow which has been supplied for some years to the garden and construction markets, says Kirk-Dyson, Leafield Estate, Corsham, Wiltshire, SN13 9UD (0225 810077).

The effect of the balls — several times wider than the usual wheels on a trolley—is a wider ground spread which prevents sinking into a soft or squelchy surface. They are pneumatic and fitted with a low pressure automotive racing valve which can be inflated by an ordinary car foot pump or airline. The maker claims that in the case of a puncture, it can be mended with a cigarette lighter only and reinflated in a matter of minutes.

Terylene webbing supports, which are rot-free, follow the contours of any shaped hull, thus minimising point load and avoiding hull damage. Front webbing support holds the bows clear of the ground even when the boat is at rest.

A familiar problem, particularly in windy conditions, is trying to align a boat with a submerged trolley. As this trailer slides under a dinghy's hull, it gives complete buoyancy, due to the combination of the ball/wheel and webbing design, and manoeuvrability is much simpler.

The wide low-slung steel tubular frame is designed to avoid contact with the hull and also provide a support at point of rest. It is supplied in five pieces which fit together with the use of a zinc-plated snap-button indent connector.

Weighing only 28 lb, the entire trolley can be packed into an export box 4 feet 6 inches x 14 inches by 14 inches, or easily fitted inside a car.

Three sizes are available to accommodate craft from 12 feet to 18 feet overall.

Precision power chuck

RICHARD R. LEADER has secured exclusive representation in the UK for Micro-Centric ultra-precision power chucks. Repeating accuracies range from 2.5 down to 1.25 microns.

Manufactured by Metrology Systems Corporation in the U.S., these accurate power chucks are available from 3" to 10" in both 2-jaw and 3-jaw models. Larger models are available on request.

An important characteristic of all closed centre models is the fact that coolant travels through the centre of the chuck. Through-hole chucks with an unobstructed hole up to 2½" diameter can be supplied. Jaw travel ranges from 0.04" to 0.38" as standard, but up to 1" is available for specific requirements.

Completely sealed chucks, essential for highly corrosive environments, optical grinding, EDM and ceramic work can be obtained as standard equipment from the range. Models with air ports on the sides of the chuck body can also be supplied for static applications.

The company operates from Fordwater Trading Estate, Chertsey, Surrey. Chertsey 62766.

Remote hydraulic control

USING A flexible push-pull cable, Teleflex Morse has designed a system for the remote operation of hydraulic valves used for control purposes on building contractors' and agricultural vehicles and implements.

The need arises, says the company, from the increasing use of suspended and quieter cabs coupled with the growing requirement to improve driver safety by removing high-pressure hydraulics from the vicinity of the machine operator.

Each lever control unit is designed as a simple modular block which can be banked to control any number of valves. If desired, dual axis operation on a single lever can be provided, movement of the lever in planes at right angles to each other controlling two valves separately.

Control cables can be supplied with either standard rod ends or suitably adapted for direct cabling to most of the popular hydraulic valve blocks available internationally.

More from Christopher Martin Road, Basildon, Essex SS14 3ES (0268 22861).

● PLASTICS

Moulding machine inspection

AN ANTICIPATED code of practice for inspection of plastic injection moulding machines may cause problems for small and medium-sized companies. While it will be a voluntary code to begin with, it will have statutory implications and is an extension of existing inspection procedures.

Briefly, it will require that either there is in each firm a suitably trained and competent person experienced in the routine inspection of such machines; or that the firm has recourse to a qualified person—i.e. an engineer surveyor—able to carry out inspections.

It is felt that although the code is being applied in the plastics industry initially, it might be adapted for use in other industries in the future.

Plastics injection moulders with relatively new equipment might be able to seek the assistance of machinery manufacturers, but this aid could be as readily available to those companies with older equipment, particularly if it had been purchased secondhand.

A solution for many firms is provided in a special scheme which will be made available by Pointon York, insurance and financial specialists, and a member of the British Safety Council, which will arrange for inspections to be carried out as part of an insurance contract, the client paying an appropriate inspection fee.

Pointon York, The Crescent, King Stret, Leicester LEI 6RX. 0533 547545.

● TEXTILES

Speeds loom operation

SOME TIME ago, a new British design of bobbin holder was introduced to the textile trade. The system is a combination of mechanical and pneumatic units and enables an almost infinite variety of sizes of bobbins of yarn to be firmly held without danger of vibrating loose and, even though a cardboard centre might perhaps be damaged the package will be held firmly and accurately. This means that rewinding can be avoided.

Now, the bobbin holders are being extended in their applications from merely holding solitary packages. The company that builds them is developing a range of specially designed weaving and warping creels based on the concept.

Shuttleless looms weave from continuous weft supply, normally provided in the form of very large packages. The creels on which these packages are mounted vary considerably, but most have shields made from acrylic sheeting which inevitably is damaged in the mill. Now, new weaving creels from Scantec (Woodhouse Road, Todmorden, Lancs. OL14 5RN. Tel. 070-681 2055) offer an alternative that is designed for this task.

New Scantec creels are constructed from transparent polycarbonate sheet from Germany. They are virtually indestructible. It is this resin that is being used by troops and other authorities as transparent shields when involved in disturbances.

The holders of the new creels are fitted for magazine creeling, which means the tail of a diminishing package could be joined to the top of a new one. When the first package is exhausted so the new one comes into play without having to stop the loom. On eight-colour looms this represents a useful economy.

The Lancashire-based company is now also making a warping creel.

Here again the Scantec holder is used and only a modest air supply is required to operate it and should this not already be available in the mill, then a small compressor can be supplied with the creel. In this piece of equipment a very large number of packages—usually more than 1,000—can be accommodated and warping can be carried out at very high speeds and with completely uniform tension of each end of yarn.

All the advantages offered by the original Scantec holder are, incorporated in the new type of creel.

LOMBARD

The American home-owner

BY DAVID LASCELLES IN NEW YORK

AT A TIME when British home-owners wish their mortgage costs were less liable to "adjustment," it is ironical to note that some of their U.S. counterparts wish the exact opposite. America is a fixed mortgage country—the cost of a loan is fixed at the rate prevailing when it is negotiated, and it never changes, whatever happens to interest rates in the meantime. Quite why this should be is lost in the mists of time. But inevitably, today's sharply fluctuating interest rates have made both lenders and borrowers unhappy. Banks do not like lending when rates are down: home buyers are less willing to borrow when they are up. The result can be a badly distorted mortgage market, and people have begun to cast round for new ideas, like the British-style variable rate mortgage.

Regulated

The VRM, as it is called, is not unknown in the U.S., but it is still confined to California where the local mortgage watchdog, the Federal Home Loans Board, formulated a set of rules for VRM's back in 1975. Unlike the loosely-organised British system, Californian VRM's are indexed, and tightly regulated in favour of the borrower.

Every six months, the Home Loans Bank produces a mortgage rate index based on its calculation of the banks' cost of funds. If this goes up more than 0.1 per cent, the banks may, but are not obliged, to raise their mortgage rates accordingly. But there are limits. The maximum rate increase is 0.5 per cent a year, and no borrower can be asked to pay more than 2.5 per cent more than the rate at which he took the mortgage out. Thus, if he was lucky enough to borrow at 6.5 per cent, he will never have to pay more than 9 per cent, and then only in the unlikely event that interest rates go up five years in a row.

The borrower also has the right to pre-pay his mortgage without penalty, or, as in Britain, extend the mortgage's life. If the index goes down, on the other hand, the banks must cut their rates accordingly, and there is no floor.

The first—and so far only—time this mechanism was triggered on a widespread basis was last August when the index rose just over 0.1 per cent, and the 20 Californian banks offering VRMs upped their rates with apparently little or no protest. But the banks had been careful to clear the way. At every previous revision of the index, they reminded their borrowers by mail that though there was no change this time round, it was bound to come one day.

California's experiment is still too young to show whether U.S.-style VRMs work. But it is being closely watched from the east coast. Most people here accept the underlying logic of the need for flexibility at a time of sharp peaks and troughs in the cost of money. And would-be owners have been supported by consumer groups in their campaign for VRMs. But on the whole, both lenders and borrowers have mixed feelings.

The banks' main fear is that even though rates would be indexed by an independent agency, the introduction of VRMs would be an invitation to political interference. The cost of housing is such a sensitive issue, they argue, that no government would leave it alone, given half the chance. The British experience, with the clubbishness of the building societies and its record of blatant government interference, is frequently cited in this regard.

Orderly

The homeowners' objections are even more curious—though they are probably emotive rather than rational. The American family, the reasoning goes, likes its finances to be planned and orderly, and varying mortgage costs would cause havoc. American individuals are also haunted by the fear of being "ripped off" by the banks, so the last thing they want is mortgages with terms the banks can change unilaterally. Much of this conservatism has to do with the fact that the majority of homeowners got their fixed rate mortgages long ago, when rates were well below today's levels, so the real impetus for change may not come until today's new borrowers are left high and dry once rates go down again.

Cautionary tales on product liability

Along came a spider . . .

BY PROFESSOR D. OWLES

CONTRARY TO the horrific product liability tales now current, not every drinker in America who cuts his hand when his wine glass disintegrates is awarded a solid gold plaster by the courts.

When one such unfortunate sued a restaurant, he claimed that under the Uniform Commercial Code there was an implied warranty of fitness for the ordinary purpose for which the glass was intended and that this warranty had clearly been broken. Not so, said the court, the fitness of purpose applied to the wine and nobody had said that the wine was not fit to drink. The plaintiff came back with a reference to the warranty of fitness of the package in which the product was sold. The glass, was unfit for its purpose and had caused damage. Again, the court said no. The warranties under the Code applied to a sale of goods. The glass remained the property of the restaurant, only the wine was sold. So the unhappy plaintiff had to go away empty handed.

The risk of drinking in a restaurant was further illustrated by the unhappy experience of the customer who ordered a vodka martini. In the martini there was an olive. He took the olive out of the drink with his fingers and saw a hole cut in the end of it. Then he put it in his mouth and bit on it. In the olive there was a stone and by biting down on this stone the customer broke a tooth. He summoned the manager, displayed the olive stone and the broken tooth, and receiving no satisfaction, sued the restaurant under the fitness provisions of the Uniform Commercial Code. The question was whether the martini was fit for the ordinary purpose for which it was intended and the answer to this question, according to the court, was whether the customer would expect to find a stone in an olive. The success of his claim depended on whether the hole cut in the end of the olive justified the assumption that the stone had been taken out. A Court of Appeal sent the case back for a jury decision on this point.

BUSINESS AND THE U.S. COURTS

Another case of getting more than one bargained for concerns not an olive stone but a spider. The unfortunate customer was bitten by a spider when she tried on a pair of trousers in a shop. She sued the shop owner, claiming that an article of clothing which concealed a venomous creature was certainly unfit for use, and that there was, therefore, a failure to meet the implied warranty of merchantability. The court disagreed. The trousers, it said, were fit for the ordinary purpose for which trousers are used. There was nothing wrong from a manufacturing standpoint. There was no evidence that the manufacturer or the retailer had any control of the spider, which was not part of the product, and had not caused it to be in the trousers.

Another unsuccessful plaintiff was the woman who, going away, put some personal property in a coin-operated locker for safe custody. When she returned she found the locker in apparent good order but her property had gone and she claimed compensation from the locker company. The court said that there had been no entrustment of her possessions to the locker company, and she had only rented storage space. The plaintiff also argued that there should be a warranty of fitness, as in a sale, but here again, the court would not agree. It said it was too much to attribute to owners of such lockers a guarantee that they will be secure against the all too familiar devices of unlawful entry. Older people of modest means, living alone under circumstances of limited security, often desperately sought some means of safeguarding their personal property. Quite clearly, the court concluded, the answer to that problem did not rest in placing valuables in the defendant's lockers.

But in another case concerning lockers, the plaintiff was successful. Ten reconditioned lockers containing 90 separate compartments, each with lock and key, were sold to a uniform supplier. Within 24 hours of delivery, 15 uniforms, locked in various compartments, had been stolen. There was no evidence of a forcible break-in, and it was shown that 18 of the locks and keys were identical, and that the missing uniforms had all been stored in compartments fitted with these locks. The question was whether there was an implied warranty that each locker compartment would have a separate lock, not common to the others. The court said there was such a warranty. The locker was inherently a security device, and security was impaired by duplicated keys. With 18 identical keys it did not satisfy the warranty of fitness for a particular purpose provided by the Uniform Commercial Code.

** Professor Derrick Owles, is Professor in the Department of Administrative Studies, Glassboro State College, New Jersey.*

'I'll order as soon as my lawyer has advised me of my rights'

Shannon Bridge and Swordsman can maintain Winter's success

RACING

BY DOMINIC WIGAN

A YEAR ago The Dealer won Kempton's Feltham Novice Chase, and it could well be that three of yesterday's runners for the same race will soon be making names for themselves.

The winner, Jack Madness, owed his success almost entirely to superb jumping and there can have been no one happier with the outcome than owner-rider, Mr. George Sloan.

Not only did the Tennessee-based amateur rider champion of our 1977-78 campaign enjoy a particularly exhilarating ride but his faith in Jack Madness has now been fully vindicated.

It was back in June that Mr. Sloan, who flew from Nashville for yesterday's ride, went to 12,000 guineas to retain his David Jack gelding at the Ascot sales.

But for a succession of minor errors brought about through pressure from Jack Madness, Kass would undoubtedly have justified favouritism.

However, jumping is the name of the game, and in any event the Peter Ashworth six-year-old seemed far from certain of overhauling the Findon gelding when catapulting his rider at the last as he clipped the top of the fence.

Nevertheless, Kass, a high-class hurdler, has the scope to make his mark over the bigger obstacles once errors in his jumping have been ironed out, and his formidable speed could then make him a force to be reckoned with in any company.

Of the remainder, Edward Courage's mare, Quickapenny, will be the one I shall be watching with most interest.

Mares rarely take to the winter game but those exceptions to the norm more often than not make their presence felt in no uncertain way.

Quickapenny, a fast-finishing third behind Jack Madness and Bold Saint, could, conceivably, go on to prove herself a National horse. For although she is not bred to possess bottomless stamina—being by Expresso out of the Flush Royal mare, Neapolitan Lou—it is in that department that her strength seems to lie.

Fred Winter and stable jockey, John Francome, combined to lift three races on the Sunbury course — their hat-trick being completed in devastating style by Killwarren—and both Swordsman and Shannon Bridge may prove capable of maintaining their run this afternoon at Fontwell. The last-named is suggested with confidence following his encouraging win over My Buck at Nottingham.

FONTWELL
12.45—Swordsman**
1.15—Jackadandy
1.45—Upton Bishop*
2.15—Flying Orchid
2.45—Shannon Bridge***
3.15—Scottish Glory

TV/Radio

BBC 1

† Indicates programmes in black and white

9.50 am Paddington. 9.55 Jackanory. 10.10 Why Don't You . . . ? 10.35 The Seppala Race. 10.50 Pixie and Dixie. †11.00 Buck Rogers. 11.20 Fantastic Journey. 12.10 pm The Selfish Giant. 12.35 News. 12.50 The Man Who Talks to Animals. 1.35 Bagpuss. 1.50 "Sinbad the Sailor," with Douglas Fairbanks Jr. 3.40 Bugs Bunny. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Yogi Bear. 4.25 Jackanory. 4.40 The White Seal. 5.05 Blue Peter Review of the Year.

5.40 News.
5.50 Cartoon (London and South East only).
6.00 Film: "Call of the Wild."
7.40 Secret Army.
8.30 News.
8.45 Film: "Steptoe and Son Ride Again."
10.20 She Must Be Joking.
11.10 Most Wanted.
12.10 am Weatherman/Regional News.

All Regional programmes as BBC-1 except at the following times:—

BBC Wales—4.20-4.40 pm Mae Gen I Stori. 5.50-5.55 Wales Today. 5.55-6.00 Newydd. 12.10 am News and Weather for Wales.

Scotland—5.50-6.00 pm News for Scotland. 12.10 am News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.50-6.00 Northern Ireland News. 12.10 am News and Weather for Northern Ireland.

England — 5.50-6.00 pm Regional News.

BBC 2

11.00-11.25 Play School.
3.15 pm The Tongues of Men by George Steiner.
4.25 The Craftsman.
4.40 The Tongues of Men (continued).
5.40 The Three Kisses.
6.45 News.
6.50 When the Boat Comes In.
†7.40 Film: "High Noon."
9.00 Plain Murder.
10.40 News.
10.50 Film: "The Last Survivors."
12.00 Story: "The End of the Party." by Graham Greene.

LONDON

9.30 am Dynomutt. 9.50 Ghost of Motley Hall. 10.15 Westside Medical. 11.05 Nobody's House. 11.30 Westway. 12.00 Little Blue. 12.10 pm Toycraft. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Film: "Operation Crossbow," starring Sophia Loren. 3.35 Little House on the Prairie. 4.30 Sandringham Sydney and Company. 5.15 University Challenge.

5.45 News.
6.00 Thames At 6.
6.35 Crossroads.
7.00 The Gentle Killers.
8.00 The Ken Dodd Show.
9.00 The Sweeney.
10.00 News.
10.15-12.10 am Sir Laurence Olivier presents.

All IBA regions as London except at the following times:—

ANGLIA

9.20 am The Last of the Mohicans. 10.05 Wilkie on Water. 10.30 Take A Bow. 10.55 The Jersey Battle of Flowers. 11.15 Lord Tramp. 11.40 Oscar. 1.55 The Sweet Sugar Doughnut. 1.25 pm Anglia News. 1.30 Film: "Camelot." 6.00 About Anglia. 6.20 Arena.

ATV

9.40 am Pinocchio. 10.00 Angling Today. 10.25 Darts. 10.50 Lord Tramp. 11.15 Journey to the Centre of the Earth. 1.20 pm ATV Newsdesk. 1.30 University Challenge. 2.00 Spies. 3.45 ATV Picture Show, followed by Beau Geste. 6.00 ATV Today.

BORDER

9.30 am Captain Nemo. 9.35 Stars on Ice. 10.05 Wilkie on Water. 10.30 Take a Bow. 10.55 Jersey Battle of Flowers 1978. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Border News. 1.30 Film: "Camelot." 6.00 Lookaround. 12.05 am Border News.

CHANNEL

1.18 pm Channel News. 1.30 Film: "Camelot." 5.0 Channel News. 5.10 Cartoon. 10.12 Channel News. 10.17 Survival. 10.45 Film: "Winter Kill." 12.25 pm News in French.

GRAMPIAN

9.25 First Thing. 9.30 Woody Woodpecker. 10.05 Wilkie on Water. 10.30 Take a Bow. 10.55 Jersey Battle of Flowers 1978. 11.15 Lord Tramp. 11.40 Oscar. 11.55 Sweet Sugar Doughnut. 1.20 pm Grampian News. 1.30 University Challenge. 2.00 Spies. 3.00 Sandringham Sydney and Company. 3.45 Film: "Kidnapped." 6.00 Grampian Today. 6.30 Police Newsroom. 12.05 am The Practice. 12.35 Reflections. 12.35 Grampian Headlines.

GRANADA

9.30 am Sesame Street. 10.25 Look at Life. 10.35 A Christmas Star. 11.00 Speed the Plough. 11.10 Grizzly Adams. 1.20 pm This Is Your Right. 1.30 Film: "Camelot." 5.15 Crossroads. 6.00 Granada Reports. 6.30 University Challenge. 12.05 am Barbara Dickson in Concert.

HTV

9.40 am Beachcombers. 10.10 Wilkie on Water. 10.35 Take a Bow. 10.55 Jersey Battle of Flowers 1978. 11.15 Lord Tramp. 11.40 Oscar. 11.55 Sweet Sugar Doughnut. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 1.30 Film: "Camelot." 5.15 Cartoons. 6.00 Report West. 6.15 Report Wales. 6.30 University Challenge

HTV Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.30-4.45 Panchito. 4.45-5.15 Seren Wib. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West. 6.15-6.30 Sport West.

SCOTTISH

9.30 am Frosty's Winter Wonderland. 10.00 Really Rosie. 10.30 Take a Bow. 10.55 Jersey Battle of Flowers. 11.15 Lord Tramp. 11.40 Oscar. 11.55 Sweet Sugar Doughnut. 1.20 pm Road Report. 1.30 University Challenge. 2.00 Spies! 3.30 Sandringham Sydney and Company. 3.45 "Living Free." 5.15 Cartoon. 6.00 Scotland Today. 10.35 Cartoon. 10.45 Connolly. 11.00 From the Top. 12.05 am Late Call. 11.35 A Christmas Carol.

SOUTHERN

9.30 am The Rovers. 9.55 Cartoon. 10.05 Wilkie on Water. 10.30 Take a Bow. 10.55 The Jersey Battle of Flowers 1978. 11.15 Lord Tramp. 11.40 Oscar. 11.55 Sweet Sugar Doughnut. 1.20 pm Southern News. 1.30 Film: "Camelot." 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 12.05 am Southern News.

TYNE TEES

9.25 am The Good Word and North East News. 9.30 Nanny and the Professor. 10.05 Wilkie on Water. 10.30 Take a Bow. 10.55 Jersey Battle of Flowers. 11.15 Lord Tramp. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm North East News. 1.30 Film: "Camelot." 6.00 Northern Life.

ULSTER

10.05 Wilkie on Water. 10.30 Take a Bow. 10.55 Jersey Battle of Flowers. 11.15 Lord Tramp. 11.40 Oscar. 11.55 Sweet Sugar Doughnut. 1.20 pm Lunchtime News Headlines. 1.22 Cartoon. 1.30 Film: "Camelot." 4.28 Ulster News. 4.30 Sandringham Sydney and Company. 6.00 Ulster News. 6.05 Hogan's Heroes. 6.30 University Challenge. 12.05 am News at Bedtime.

WESTWARD

9.40 am Gold is Where You Find It. 10.05 Wilkie on Water. 10.30 Take a Bow. 10.55 Jersey Battle of Flowers 1978. 11.15 Lord Tramp. 11.40 Oscar. 11.55 Sweet Sugar Doughnut. 1.20 Westward News. 1.30 Film: "Camelot." 6.00 Westward Diary. 10.13 Westward News. 10.15 Westward Report. 10.45 Film: "Winter Kill." 12.25 am Faith for Life.

YORKSHIRE

9.30 am Frosty's Winter Wonderland. 10.00 Tree Top Tales. 10.15 Tarzan. 11.10 Record Makers. 1.20 pm Calendar News. 1.30 "Camelot" starring Richard Harris. 6.00 Calendar (Emley Moor and Belmont editions).

BBC Radio New Wavelengths

1 1053kHz/285m 1089kHz/275m
2 693kHz/433m 909kHz/330m & 88-91vhf stereo
3 1215kHz/247m & 90-92.5vhf stereo
4 200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

5.00 am As Radio 2. 7.02 Paul Burnett. 9.00 Simon Bates. 11.31 Mike Read. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.31 Keith Moon Who. 7.30 As Radio 2. 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 10.00 pm With Radio 1. 12.0-5.00 am With Radio 2.

RADIO 2

5.0 am News Summary. 5.02 David Allan (S). 6.15 Pause for Thought. 7.32 Terry Wogan including 8.27 Racing Bulletin and 8.45 Pause for Thought (S). 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House including 1.45 Sports Desk with racing results (S). 2.30 David Hamilton including 2.45 and 3.45 Sports Desk (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn including 5.45 Sports Desk (S). 6.45 Sports Desk. 7.02 Country Club. 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Offbeat with Braden. 10.30 Star Sound Extra. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 News Summary.

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: Offenbach and Messager (S). 10.00 Holiday Special (S). 10.20 Bach: Christmas Oratorio Part 2 (S). 10.50 Reading. 10.55 Christmas Oratorio, Part 3. 11.30 Piano Duo (S). 12.10 pm Midday Concert: Bernstein, Gershwin, Part 1. 1.00 News. 1.05 Midday Concert, Part 2 (S). 1.50 Prague Spring Festival 1978: Chamber music (S). 2.35 Talk. 2.45 Prague Festival, Part 2 (S). 3.40 Les Pêcheurs de Perles: Opera, Act 1 (S). 4.25 Listening-in to Opera. 4.30 Les Pêcheurs de Perles, Acts 2 and 3. 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home (S). 7.30 City of Birmingham Symphony Orchestra, Part 1: Joubert, Handel (S). 8.05 Petrarch: Talk. 8.25 CBSO, part 2. Holst (S). 9.30 Scientifically Speaking. 10.20 The Trio Sonata (S). 11.20 Arts Worldwide (S). 11.40-11.55 Schubert Songs (S). 11.45 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.45 Serial reading. 9.00 News. 9.05 Mid-week with Desmond Wilcox. 10.00 News. 10.05 Fringe Benefits (S). 11.45 Listen with Mother. 12.00 pm News. 12.02 You and Yours. 12.27 The 27 Year Itch (S). 12.55 Weather. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour 1978. 3.00 News. 3.05 Blocked Assurance. 3.35 Afternoon Theatre: All Those Women. 4.35 Story Time: The Pied Piper of Hamelin and The Jackdaw of Rheims. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Joseph and the Amazing Technicolor Dreamcoat: Rock Opera (S). 8.45 The Countryside at Christmas. 9.30 Kaleidoscope. 10.00 The World Tonight. 10.30 The Lion and the Unicorn. 11.00 Book at Bedtime. 11.15 Financial World. 11.30 Unforgettables. 12.00 News. 12.15 am Shipping forecast.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 7.00 The Million Seller. 7.30 Black Londoners. 8.30 Soul 78. 10.03 Late Night London. 12.00 As Radio 2.

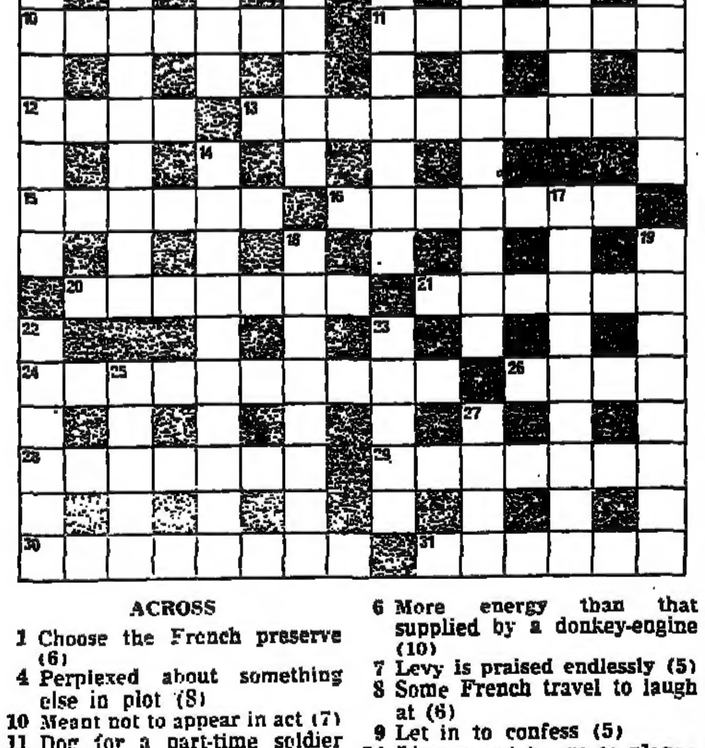
London Broadcasting

5.00 am Morning Music. 6.00 A.M.: news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continued). 8.00 After 8. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 Lord George-Brown's Final Report. 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 am Night Flight.

F.T. CROSSWORD PUZZLE No. 3,857



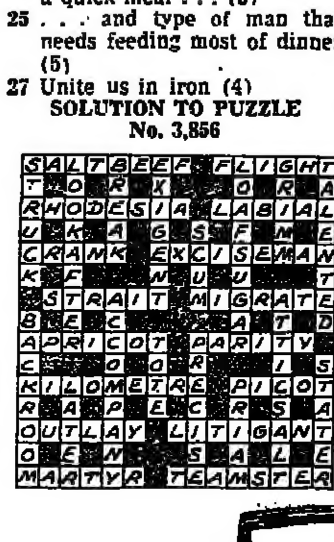
ACROSS

1 Choose the French preserve (6)
4 Perplexed about something else in plot (8)
10 Meant not to appear in act (7)
11 Dog for a part-time soldier (7)
12 Cook in a state of mental agitation (4)
13 Imagine chief is only a nominal leader (10)
15 Bad tot was at the front (6)
16 Amaze with a report about teamleader (7)
20 Initially profitable racket could be just idle gossip (7)
21 Load crew from the west (6)
24 Rule for shortening discussion could make one lose one's head (10)
26 Stop the race (4)
28 Producer of joint part for singer round the north-east (7)
29 Our entry into prison needs spirit (7)
30 Cloth worker and NCO (8)
31 Soldiers give way and withdraw (6)

DOWN

1 Understanding of the statue (8)
2 Swindle delicate opponent (9)
3 Delayed by the French note (4)
5 Explosion giving sudden and violent expression of feeling (8)
6 More energy than that supplied by a donkey-engine (10)
7 Levy is praised endlessly (5)
8 Some French travel to laugh at (6)
9 Let in to confess (5)
14 License pet to create plague (10)
17 Dark horse giving unpleasant nocturnal experience (9)
18 Apartment on metal base could be smoother (8)
19 Impress editor on eastern panic (8)
22 Stones as put round entrance (6)
23 Nutritious starter in bag for a quick meal . . . (5)
25 . . . and type of man that needs feeding most of dinner (5)
27 Unite us in iron (4)

SOLUTION TO PUZZLE No. 3,856



هكذا من الأصل

هكذا من الأصل

THE ARTS

THEATRE IN 1978

The fringe edges into the limelight

by MICHAEL COVENEY

I wonder how our theatrical year might have been transformed if the Pip Simmons Theatre Group had presented their stunning adaptation of Zamyatin's *We* at the Round House? For the Simmons group, which celebrated its tenth anniversary in 1978, remains one of the most explosively exciting and potentially *popular* fringe groups in Britain. They did appear in London last year—in the smaller of the Riverside Studios with a disappointing *Tempest*. But to see *We* I had to travel to the new Birmingham Arts Lab, very well equipped and cosy in its way, but not the sort of base out of which Pip Simmons is likely to break through to his long-overdue national recognition.

Not everything on the fringe is of broad appeal, which is, of course, often the point of its being there. It is in the hothouse climate of our small studios and pub attics that the new talent is given its head. It is surely significant that both the RSC and the National now put almost as much store by their studio work as by the mainhouse product. At the Warehouse, for instance, there have been, in my view, four major new plays this year: a revival of David Rudkin's *Sons of Light*; *The Jail Diary of Albie Sachs*, the first of two 1978 plays by David Edgar (the other, at the Birmingham Rep and arriving at the Royal Court in January, was *Mary Barnes*) in which this rapidly developing playwright is testing his skill and ability against strong source material after the achievement of *Destiny*; Peter Flannery's debut with *Savage Amusement*; and Stephen Poliakoff's *Shout Across the River*, in which the writer for the first time matched the ambition of his bleak urban vision of decay with the emotional complexity of his characters.

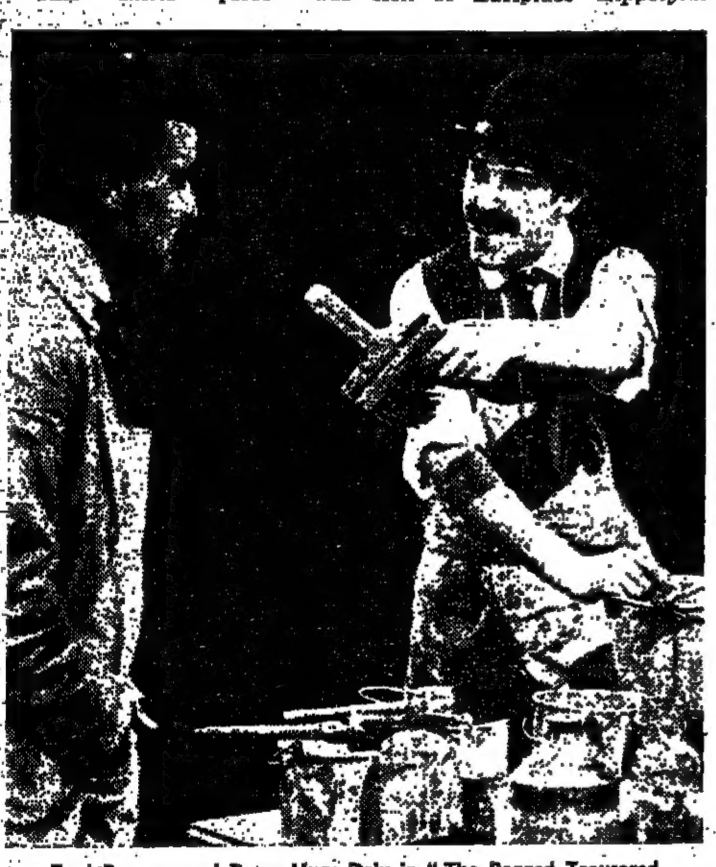
Jill Baker, David Threlfall and Lesley Manville in "Savage Amusement"

This latter piece was directed by Bill Alexander, the brightest young director to emerge in some while. He also directed Nigel Williams's scathing *Class Enemy* in the Theatre Upstairs and, at the RSC's Stratford studio, Peter Whelan's *Captain Swing*, a tremendous historical play that vindicated, as it emerged from, the RSC's play reading policy at the Warehouse.

In addition to *Captain Swing*, the Other Place has had an outstanding year with a justifiable revival of Howard Brenton's *The Churchill Play* (if only *that* could have been on at the Aldwych instead of *Women Pirates!*), Pam Gems's *Piaf* (a real surprise packet this, with my favourite female performance of the year from Jane Lapotaire) and a powerful version of Euripides' *Hippolytus* by Rudkin. Now: how can the RSC get all this writing and directing talent on to their big stages? Not one of Howard Davies, Ron Daniels and Bill Alexander has directed Shakespeare. It is about time they did, and not in a studio.

If the Other Place and the Warehouse are now essential elements of the RSC, the extraordinary Riverside Studios in Hammersmith, under the direction of Peter Gill, is now essential to London's cultural life. Not only in respect of Mr. Gill's own brilliant productions last year of *The Cherry Orchard* and *The Changeling*, but also because of their record as importers from abroad and around the fringe. Thanks to Riverside, we have seen Yvonne Bryceland's unforgettable performance in Fugard's South African production of his own *Hello and Goodbye*; Terayama's imaginative, beautifully lit *Directions to Servants* which belatedly acquainted British theatregoers with something all Europe has known about for years; and Jean Miro's puppet extravaganza, *Mori el Merma*. Other homegrown products have been Alec McCowen's *St. Mark's Gospel* (which transferred to the West End) and Nicholas Wright's elegiac and informative lament for free political life in South Africa, *Treetops*. And as if that were not enough, my favourite production of the year, *The Ragged Trousered Philanthropists*, broke its tour to play to sold-out houses in Hammersmith.

Ragged, directed by William Gaskill for Joint Stock, was unbeatable in every department: in Stephen Lowe's adaptation, in the design, in the lighting by Andy Phillips, in the acting. Gaskill has, for some years, been one of the few top-class established directors to bridge the gap between the main house subsidised theatres and the fringe. If any doubts remain as to the value of groups like Joint Stock (actually, there is no other group like Joint Stock) or, indeed, as to how their work is fuelling the mainstream, be appraised of the fact that Gaskill is taking the *Ragged* company complete and installing it in the National's Olivier as one of the NT's resident companies. Gaskill, who has rejoined the National on a permanent *basis*, will bring fringe accomplishment to bear on the luxurious technology on the South Bank (or as much of it as is working) with his production of Middleton and Rowley's unknown Jacobean piece, *A Fair Quarrel*. It could be the most significant production of 1979.



Fred Pearson and Peter Hugo-Daly in "The Ragged Trousered Philanthropists"

Although the Open Space sprang to life the other day with Mike Ockrent's glossily efficient reclamation of Brecht's farce *A Respectable Wedding*, it has again been an uneven year for Charles Marowitz who is about to launch one more last-ditch attempt to form an ensemble. If he fails, I fear we may lose him to a climate in America or Europe more financially sympathetic towards laboratory-style experimentation. This would be tragic, and a lot may hinge on Peter Barnes's upcoming version of Jonson's *Silent Woman*.

Down in the East End, the Half Moon has ended the year with a flourish: Simon Callow's performance in the title role of Brecht's *Arturo Ui* gloriously demonstrated that we need not think only of Leonard Rossiter when we see this fascinating play. Robert Walker's production was as gritty and sensual as you could wish for, the atmospheric little theatre using its full, exciting height in a design of grills, gantries and steel ladders, even being transformed into a St. Valentine's Massacre-like garage for the murder of Rohm. Perhaps even more ingenious was the physical presentation a few weeks later of Toller's famous Expressionist play, *The Machine Wreckers*, in which the crucial industrial apparatus invaded the entire theatre in the form of tangled tubing, long gutters, wire netting and several fiery furnaces through which the adept, slithery company made exits and entrances.

The Round House has continuously given the appearance of a theatre desperately in search of a show. Only David Rabe's *Streamers*—and that was imported from the Liverpool Playhouse—is remotely memorable. Peter Barnes's direction of *Bartholomew Fair* was sadly incompetent and so much has been coming and going in the Round House Downstairs I can hardly recall being out of the place all year. Nothing much to report, though. The New End in Hampstead has had a couple of intriguing snips, notably Gloria Grahame playing a Hollywood star on the skids and Susannah York in George Moore's haunting *The Singular Life of Albert Nobbs*.

Under new direction, the ICA Theatre has had a very good year — apart from Richard O'Brien's *Disaster*, a poor attempt to repeat his *Rocky Horror Show* success. There was Het Wertheatre from Holland, Foco Novo on tour, Colin Bennett's *All Along the Watchtowers*, another London showing for Heathcote Williams's one-act gem, *The Immortalist*, and a memorable visit from Ken Campbell's Science Fiction Theatre of Liverpool with *The Case of Charles Dexter Ward*, an operatic version of H. P. Lovecraft that owed something to both Stockhausen and Menotti, but even more to the technical ingenuity and inspirational direction of Mr. Campbell.

Pictures by Leonard Burt

Pip Simmons is not the only old-guard fringe survivor. It was sheer pleasure to catch the People Show No. 77 at Oval House. Mark Long's troupe have been operating for over 12 years now and, although famed and fêted abroad, never get the coverage they merit in England. Well, No. 77 was a marvellous evening of cabaret, eccentricity, acrobatics and red hot jazz, all done in the seedy ambience of a church-cum-café and centring around the reincarnation of Billie Holiday. If only that, too, could have been seen by hundreds more at the Round House!

Hampstead Theatre and the Bush have been as reliable, in their different ways, as ever, the latter venue providing one of my favourite new plays of the year, Olwen Wymark's *Loved*. Other favourite plays of the fringe year? Snoo Wilsons' *The Glad Hand* and Bill Morrison's *Flying Blind*, both at the Royal Court; Thomas Babe's *Prayer For My Daughter* in the Theatre Upstairs (and Antony Sher is another brilliant young actor to watch out for); David Mamet's *American Buffalo* in the Cottesloe; and a couple at the Edinburgh Traverse, John Byrne's *Slab Boys* and John Bett's *Street Fighting Man*.

Simon Callow, Howard Lew Lewis, Lizza Aitken and David Fielder in "Arturo Ui"

Before moving out to the regions, I must mention two of my happiest evenings in the half-way house range between fringe and West End: Dora Bryan in Emlyn William's *The Late Christopher Bean*, revived with timely acumen at the always interesting Watford Palace; and John David's glistening, essential revival of Philip King's *See How They Run!* at Greenwich, which was the funniest show I saw all year.

No need to reiterate this page's respect and admiration for the Glasgow Citizens, who kept up the good work. Regional theatre-going was more haphazard after Richard Eyre's departure from the Nottingham Playhouse and, although his successor, Geoffrey Reeves, presented Barry Collins's worthy piece *The Strongest Man in the World*, it was by no stretch of the imagination the strongest theatre in the Midlands.

The Coventry Belgrade had a better than average year, coming up trumps with the Coventry Mystery Plays given on the evocative site of the old cathedral. The Royal Exchange, Manchester, dipped a little, but salvaged something from a run of duds (Ronald Harwood's *A Family*, David Storey's *Sisters* and an inadequate production of *The Dybbuk*) with Vanessa Redgrave triumphant as *The Lady From The Sea*. Salisbury Playhouse enlivened my August Bank Holiday with *Under The Greenwood Tree*, now at the Vaudeville. The Queens at Hornchurch did a splendid stage version of The Who's *Tommy* and the Birmingham Rep gave us not only Edgar's *Mary Barnes* (in the studio, naturally) but also Wesker's *The Merchant* which, in a really good production and with a virtuoso performance, could still have a life in London.

Ken Dodd re-opened the sumptuously restored Theatre Royal in Nottingham and the Arts Council joined forces with Moss Empire, the Leicester Haymarket and Cameron Mackintosh on a fabulous touring revival of *My Fair Lady*. Sandy Wilson's *Clapham Wonder* at the Marlowe, Canterbury, was, I thought, cruelly underrated. Everyone preferred *Chicago* at the Sheffield Crucible where, in the studio, David Leland signed off before joining the Royal Court with another challenging season of new plays, his own and Howard Barker's among them.

Bristol Old Vic maintained its reputation and standards and, in the studio, another bright young director, Adrian Noble, served up a delightfully Marlovian *Titus Andronicus*, Simon Callow in the lead. The Oldham Coliseum reopened with the stage premiere of *Kes* and both Liverpool houses, the Everyman and the Playhouse, offered consistently interesting programmes (the Playhouse's Artistic Director, Leslie Lawton, is about to leave for the Edinburgh Lyceum, which has not attracted much attention of late).

In all, though, the amount of good new work in the regions is depressingly small and it is a sad sign of the times when accomplished new work by David Hare and Trevor Griffiths which has proved itself on the London stage, is inevitably consigned to regional studios.

Churchill, Bromley

Robinson Crusoe

by CHRIS DUNKLEY

With seasonal children's plays becoming more popular in central London, and West End pantomime long ago turned into semi-adult entertainment, you have to go to places such as Leatherhead, Croydon, or Bromley these days for a choice of traditional panto.

Robinson Crusoe at the Churchill Theatre, Bromley, is one such, with all the expected ingredients from the opening by a buccaneer's ghost and a fairy queen speaking in rhymed couplets, to the closing walk-down with the golden-thighed principal boy in a special glittering finale costume.

In between, writer/director David Poulson has packed 16 scenes, varying from the interior of the Three Bells Tavern in Hull to The Cannibal Kingdom on the island of Juan Fernandez, and all of them peopled by the traditional characters. There are several villains, several funny men, including one dressed as a dame, an energetic singing-and-dancing chorus of "girls and boys," a grumpy squire and, of course, his pretty daughter. Furthermore, there is a proper orchestra in the pit, which is something that precious few of the London children's plays offer.

This production does duck the complication and expense of a transformation scene, as have so many pantos in recent years, which is a shame because today's children, injured to the marvels of television, are not less but more astounded by the magic achieved without electronic tricks in live theatre.

Otherwise, though, the expected events are all present: competitive community singing from a giant song-sheet, slapstick with buckets of paste, "look out behind you" warnings for the children to shriek, and in Bob Grant, one of the best pantomime dames I have seen in many years. Asked by comedian Jack Douglas if they had enjoyed themselves, the first-night audience roared a resounding "Yes!" and that no critic can gainsay.

There were faults, nevertheless: very thin singing from both principal boy and principal girl (Aimi Macdonald and Pippa Page) and occasional signs that Jack Douglas and George Truzzi as ship's mate and captain were enjoying their shared comedy routines even more than the audience were. No doubt a little tinkering with amplification and stage discipline will sort all that out. My children preferred this pantomime to the more modern West End shows they have seen, anyway.

Aimi Macdonald

Dutch pictures loaned to National

The Queen has placed on loan at the National Gallery six outstanding 17th-century Dutch paintings (in addition to the small group of early Italian panels already at Trafalgar Square). The Dutch pictures all come from Windsor Castle and went on view at the National Gallery on December 21, where they will remain for about four months.

They include *The Music Lesson* by Johannes Vermeer. This is almost certainly the most important painting by the artist in Great Britain, and now hangs with the National Gallery's two Vermeers.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1970=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1977							
3rd qtr.	106.3	103.3	106	104.3	234.2	1,413	151
4th qtr.	105.9	102.1	106	104.4	239.4	1,431	157
1978							
1st qtr.	107.1	102.5	108	106.3	246.0	1,409	188
2nd qtr.	111.1	105.0	105	108.0	254.2	1,367	213
3rd qtr.	110.6	104.8	113	110.8	267.6	1,380	213
June	111.8	105.9	99	108.7	257.3	1,365	217
July	111.3	105.3	109	111.4	265.8	1,371	211
August	111.4	105.6	109	111.8	270.3	1,392	209
Sept.	110.4	104.5	120	109.5	266.6	1,378	219
Oct.	109.3	103.3		109.6	267.2	1,360	228
Nov.				109.5		1,339	231
Dec.						1,321	231

OUTPUT—By market sector: consumer goods investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
3rd qtr.	104.3	98.7	116.5	99.9	107.8	101.3	25.4
4th qtr.	104.9	97.5	114.4	98.7	95.2	100.2	20.7
1978							
1st qtr.	105.3	99.8	116.3	100.8	95.4	97.2	17.8
2nd qtr.	107.9	99.2	122.9	100.7	108.2	99.4	27.1
3rd qtr.	107.1	100.5	122.4	101.6	102.3	100.6	22.8
June	109.0	100.0	124.0	101.0	112.0	100.0	30.9
July	106.0	101.0	124.0	101.0	113.0	104.0	23.6
August	109.0	101.0	122.0	103.0	93.0	104.0	20.3
Sept.	107.0	100.0	122.0	100.0	101.0	101.0	24.5
Oct.	106.0	98.0	122.0	98.0	101.0	99.0	24.1

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
3rd qtr.	124.4	106.6	+ 31	+575	−602	101.0	13.4
4th qtr.	117.6	102.7	− 5	+591	−657	102.4	20.39
1978							
1st qtr.	119.5	114.1	−642	−413	−642	104.8	20.63
2nd qtr.	122.0	110.3	−182	+126	−398	104.6	16.75
3rd qtr.	125.3	116.1	−342	− 26	−515	105.3	16.55
July	126.3	116.1	−152	− 47	−221	104.6	16.74
August	124.4	111.3	+ 46	+152	− 98	105.7	16.4
Sept.	125.1	120.8	−236	−131	−196	105.5	16.51
Oct.	127.4	111.9	+ 97	+217	−131	105.3	15.97
Nov.	124.5	120.3	−192	− 72	−167	106.6	15.67

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow: HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
3rd qtr.	280.0	10.4	20.3	+365	1,157	1,149	7
4th qtr.	23.2	12.6	8.7	+698	1,639	1,189	7
1978							
1st qtr.	24.3	23.8	17.5	+1,791	1,049	1,260	6½
2nd qtr.	8.5	15.7	24.6	+2,858	694	1,393	10
3rd qtr.	16.8	5.3	8.6	+525	746	1,427	10
July	9.3	9.5	34.7	+104	200	458	10
August	3.7	1.6	15.7	−292	200	493	10
Sept.	16.8	5.3	8.6	+713	346	476	10
Oct.	13.8	5.5	1.8	+535	363	469	10
Nov.	12.3	10.6	9.8	+106	261		12½

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
3rd qtr.	116.1	146.4	142.9	184.7	192.1	239.9	61.8
4th qtr.	119.9	142.2	145.8	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	140.2	149.2	190.6	197.3	238.61	64.6
2nd qtr.	129.9	146.3	152.0	195.8	203.8	242.27	61.5
3rd qtr.	133.2	144.9	154.7	199.2	206.2	253.74	62.4
July	133.6	145.8	153.8	198.1	206.1	237.68	62.1
August	131.7	144.2	154.8	199.4	206.2	248.54	62.4
Sept.	134.2	144.8	155.7	200.2	206.3	253.74	62.7
Oct.	135.1	145.8	156.6	201.1	205.6	265.22	62.5
Nov.		147.2	157.1	202.5	207.9	263.63	62.7

* Not seasonally adjusted.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897

Telephone: 01-248 8000

Thursday December 28 1978

U.S. rates on the way up

ALL THROUGH 1978 the American administration has been chivvied towards austerity by mistrustful holders and sellers of the U.S. dollar. The *process has further to go in the* New Year. The U.S. economy is proving too resilient for the dollar's good and it is only when it first shows signs of faltering that the pressure on the currency and the need for high interest rates *will* ease up. The first concrete signs of recession, often predicted and even, at times, prematurely discounted during 1978, continue to recede like a mirage. The U.S. prime rate went up yet again at the weekend and U.S. money rates in general are now at or near record levels, but they are still not biting. The U.S. credit markets need still more re-assurance that U.S. monetary policy has become incontrovertibly restrictive.

On the face of it much has already been achieved to *reassure the army of dollar* investors. The federal funds rate is up from 6¾ per cent in April to 10½ per cent today. The M1 money supply figure is now growing much more slowly than the 10 per cent annual rate of rise it was showing until October, though at this crucial moment the picture has become *confused by the introduction of* interest bearing current accounts at the U.S. banks.

Onset delayed

The problem is that though talk of the coming recession is now widespread in the U.S. business community, its onset has been repeatedly delayed—and partly *by* just the inflationary mentality is it designed to break. There is no shortage of borrowers at today's interest rates and no shortage of funds to lend.

U.S. inflation is now running at 8.8 per cent and is expected to rise further. The rate was still higher in 1974, but the point is that a growing perception has since emerged in the U.S. that this sort of inflation *could be a long term state of* affairs. This has made current borrowing costs look much less daunting than they appeared four years ago.

There are other reasons why interest rates have not so far had the impact expected of them. U.S. corporate liquidity remains adequate. Industry is not financing excessive inventories. Various structural changes — *like the improved* ability of mortgage companies to raise funds directly—have *offset* some of the rise in the cost of money. The upshot is that the monetary brakes are going to have to be applied still harder, and held on for some time, before America's economic momentum will be visibly *checked.*

Meanwhile, so long as the growth continues, there will be increasing interest in President Carter's budgetary resolve. Already the budget deficit for the year ending in September 1979 has been *revised down*wards from $60bn in January to $50bn in July to $39bn in September. The President is now talking about $30bn for the year ending in September 1980. That will be a year of presidential election, and if President Carter is going to stick to his plan of increased *military expenditure, it will* mean some unpopular cuts in other areas. Yet as the plans for next year's budget unfold the administration will not only be under international pressure to honour this difficult looking target but to revise it downwards.

Given the sustained scrutiny *of U.S. economic management*, the vulnerability of the dollar and the continuing need for high interest rates in the U.S., what does this mean for the credit markets in the UK? The answer is not very much for the moment but perhaps a problem later. UK money rates are still marginally above U.S. rates, the *pound is not weak against the* dollar and—setting a UK current account surplus next year against a certain U.S. deficit—is unlikely to become so.

Re-alignment

So long as the dollar is perceived to be vulnerable it will be possible for U.S. rates to move ahead of UK rates. If and when this perception fades *there could be pressure for re*-alignment. So long as the problems of managing the domestic British economy more closely resemble those in the U.S. than those within the European Monetary System, sustained divergencies between U.S. and UK interest rates are unlikely to develop.

The road from Camp David

THE DECEMBER 17 deadline for a treaty between Egypt and Israel has now passed without the persistent diplomatic manoeuvres orchestrated by Washington producing any result. *The Middle East tour of* Mr. Cyrus Vance, the U.S. Secretary of State, earlier in the month ended in failure, and the euphoria which followed the Camp David accords agreed in September now looks somewhat premature. At that time *President* Carter asserted that they "resolved almost all the issues between the two countries except for a few lines that have to be drawn on the map and the settlements."

Magnitude

Current difficulties tend to obscure the magnitude of what has already been achieved. Sinai, the area which the Israelis are to give up, covers a larger area than Israel itself. But Camp David was only possible because so much was left unsaid. A long-term aim of Israeli foreign policy has always been to deal with Egypt *bilaterally. By reaching a sepa*rate agreement with the largest Arab state, Israel could be sure that no militarily effective Arab coalition, like that of 1973, could in the future be in a position to launch an attack. The bilateral nature of the agreement is crucial to Mr. Begin and his Cabinet. They have tried to *keep an agreement on the* autonomy of the West Bank and Gaza distinct from a peace treaty between Israel and Egypt.

President Sadat has on the contrary tried to emphasise that Egypt is not abandoning the Palestinians or the other Arab states. The extent to which a final treaty will simply be a deal between Egypt and Israel is the real question which gives significance to the superficially petty disputes over the exact timing of autonomy, the policing *of Gaza, revision of the* treaty after five years, the exchange of ambassadors and the priority of an Egyptian-Israeli treaty over Egypt's commitment to other Arab states.

These issues will be difficult to resolve. But at Camp David both Mr. Begin and Mr. Sadat moved far down the road towards compromise on questions of principle. It is difficult to believe that they will prove insurmountable obstacles to a final peace treaty. The personal prestige of Israeli and Egyptian leaders is partly dependent on a *successful outcome to the* talks which are to be resumed in January. Above all, Camp David marked the upturn in President Carter's political fortunes. He will be anxious to ensure that the momentum towards *peace which built up* as a result of President Sadat's Jerusalem visit is not slowly dissipated as petty recriminations reawaken recently buried antipathies.

Certainly, Mr. Sadat has been worried by the strength and coherence of the Arab rejection of Camp David. Particularly *dismaying for him is Saudi* Arabia's muted but very definite dislike of his accords with Israel. Yet arguably the real loser at Camp David, whatever the domestic political benefits for President Carter, was the *United States.* Egypt is no longer in a position to act forcefully as America's ally in Arab politics. The position of the more radical states such as Syria and Iraq has been appreciably strengthened. King Hussein of Jordan believes that any move to involve himself in negotiations would bring his country few benefits and a host of troubles.

Unfortunate

The destabilisation of the *Arab world outside Egypt has* come at a particularly unfortunate time for President Carter. The inability of the United States to do very much to prop up the Shah has deeply worried the Arab states on the western side of the Gulf. It is less easy for Saudi Arabia to see Washington as providing an insurance policy against any external or internal threat. And it is already becoming clear that the *major threat to the stability of* the Arab world is no longer the risk of another Arab-Israeli conflict but flows *from the Iranian* crisis whose future Washington is in no position to determine. This is an ironical conclusion to the year in which the United States has made its most determined effort to bring lasting peace to the Middle East.

Algeria searches for a new leader

BY ANTHONY McDERMOTT

Mr. Rabah Bitat, sworn in yesterday as interim President of Algeria, and members of the Revolutionary Council paying homage to the late President Boumedienne.

THE DEATH *of President* Boumedienne comes after a long illness from which *he had not been expected to* recover. Inevitably his closest political colleagues have been in protracted conclave deciding who should be his successor.

His departure is unlikely to lead to any immediate radical changes in Algerian policies. The long illness has given the Council of the Revolution time to choose a succesor more calmly than if he had died unexpectedly. The period of suspense has strengthened the resolve of the Council's members to emphasise continuity—*whatever happens.*

Secretiveness has inevitably been the hallmark of the negotiations about Boumedienne's successor. They have been conducted mainly by the nine surviving members (excluding Colonel Boumedienne himself) of the Council of the Revolution, and occasionally involving the three chiefs of military regions not in the Council. The Council originally had 26 *members, at the time of its for*mation in 1965 when Ahmed Ben Bella was overthrown. Since then, eight members have died and eight others have either retired or passed into opposition.

The details of their discussions are almost entirely unknown. But it certainly was to their advantage that President Boumedienne's illness proved to be a drawn out one. A *decision on the succession can*not be too long delayed, even though inter-ministerial committees under the guidance of members of the Council have been taking a reasonable number of day-to-day decisions. The cabinet *itself*, however, did not mean to meet for many weeks.

The 1979 budget requires *presidential approval.* The next four year plan, to begin in 1980, will require full party approval. There remains also the continuing friction with Morocco over the Western Sahara.

Colonel Boumedienne held almost every office of influence and power. Beside being Head of State, he was prime minister, defence minister, chief of staff, head of the Council of the *Revolution and the National* Liberation Front (FLN), the sole party. With the government *shuffle of April last year,* he brought control of the national security force and the gendarmerie directly under the command of the defence ministry.

The process of institutionalising the Algerian regime after the coup which ousted Ben Bella in 1965 still needs to be concluded. In broad terms, the main effort has been to try to transform the FLN from being a liberation organisation into a responsive single political party. So far success has been *limited. The march towards* structural legitimacy has been marked by the approval of the *National Charter (June, 1976);* the adoption of the constitution (November, 1976); the election *of Colonel Boumedienne to the* presidency (December, 1976), the election of the National *Assembly (February, 1977); and* the appointment in April, 1977 of a new cabinet.

This year has been devoted to the holding of national congresses of the "mass" organisations of workers, peasants, women and war veterans. Only two more steps remain. *The first is the holding* later this month, of the national congress of the youth organisa*tion followed next year by the* first national congress of the FLN since April 1964.

*The Council of the Revolu*tion continues in charge "as long as the institutions ... *foreseen by the constitution* have not yet been created," according to Article 198 of the constitution.

The leading contenders for President Boumedienne's succession largely select themselves—provided that logical criteria are applied and that a totally unknown figure outside the Council does not take over. In the short term, the constitution provides for Mr. Rabah *Bitat, head of the National* Assembly, to take over. He was dully sworn in yesterday for a period of 45 days to prepare *for the election of a president.* He himself is barred from standing, and the candidate has to be put forward by the FLN.

The leading contenders all have several factors in their favour. They are:

Mr. Mohammed Salah Yahiaoui, for eight years head of the Cherchell military academy (and therefore with good army contacts). In *October 1977, he was appointed* to be in carge of reforming the FLN (and therefore has good *party contacts). He has a rich* and extensive family.

Mr. Abdel-Aziz Bouteflika, *Foreign Minister since 1963, the* most prominent Algerian in international standing after President Boumedienne, to whom he is extremely close. Some hold against him his love of flashy living. Nevertheless he is regarded by many as the favourite.

Colonel Ahmed Bencherif, Minister of Environment and Soil Improvement, head of the gendarmerie 1965-77.

Colonel Ahmed Draia, Minister of Transport, from 1965-77 in charge of National Security.

Colonel Mohammed Benahmed Abdelghani, Interior Minister since 1974, and a former commander of several military regions.

Colonel Benjedid Chadli, commander of the military region of Oran since 1964, where two-thirds of the armed forces are concentrated near the Moroccan border. He has powerful tribal following.

The future pattern of events under a new leader could well be affected by several basic *factors. First, after the costly* war of liberation from the French there followed among the leaders of the revolution a series of assassinations and feuds which gave Algeria a reputation of chronic instability. No leader would want that to recur. Secondly, as has been shown, there has been a conscious attempt to set up a constitutional political structure to survive a change of Govern*ment. Thirdly, the people, who* suffered badly during the war, want a peaceful transfer of *power, and not one which would* be overtly military.

Finally, observers see little evidence of hostility to the broad themes rather than the details of the Boumedienne years—at home the industrial, agrarian, social and cultural revolutions, and abroad non-alignment.

First official indications of this have come from the Council itself. Continuity is to be the main theme, and responsibilities have been shared out. Mr. Bouteflika is to be in charge *of foreign policy; Colonel* Chadli is to maintain contacts with the armed forces; Mr. *Yahiaoui is to control the party;* and Colonel Draia is to co-ordinate the security services.

Some slight changes of emphasis in domestic policies had become apparent even before President Boumedienne's illness. It is unlikely that the crippling combination of a French-style bureaucracy run along strictly socialist lines will be undone. Nevertheless, there was growing interest in the comparative efficiency and higher productivity of the private sector. There have been moves *to return to private hands some* of the lands taken over under the agrarian reform. In recent *months—partially to coincide* with the end of Ramadan, the month of fasting—private growers were permitted—with visible effect in the markets—to sell agricultural goods direct and not through the state monopoly. The budget for 1979 is due to contain provisions easing the tax problems for the private sector.

One effect of President Boumedienne's illness which *enormously impressed Algerians* and gave them a sense of pride, was the world wide interest in and response to his condition. At one stage eight countries were reported to have sent a total of more than 40 doctors. Obviously a proportion of these were sent as a political gesture, and the main treatment was conducted by Algerians, with advice from American, French, British, and Swedish doctors. It made a deep impression that the U.S. flew a gigantic Galaxy transporter direct from *California containing a large* and sophisticated brain-scanning device.

This world wide interest reflects what is perhaps President Boumedienne's greatest *achievement: he has given* Algeria considerable international status. It received its greatest boost while Algeria chaired the non-aligned nations between 1973 and 1976, and President Boumedienne argued powerfully for re-alignment of the world economic order.

But while its history, its support of liberation movements, and its radical attitude towards Israel places it among the militants of the Third World, the foreign policy of Algeria has never been entirely dogmatic. One example will suffice. Algeria has always been in almost complete disagree*ment with the U.S. on major* political issues, yet the U.S. is now the main trading partner and will, through purchases of natural gas, become crucial to the country's long term economic future.

The country undoubtedly faces severe challenges. In the Maghreb, there is not only the continuing conflict with Morocco but also the uncertainty created in neighbouring Tunisia by *President Bourguiba's ill health* and the riots earlier this year. Internally, the main challenge *is to breathe some life into the* FLN, so that people who have been suffering from appalling housing, an inflation rate of about 30 per cent (if wage rises this year are any guide), and a high growth rate of the population by 3.2 per cent, will *feel* they have a genuine outlet for their grievances. Corruption, always a problem, is likely to become worse at a time of less firm control from above.

Much of the basic infrastructure is in place, most notably in administrative terms, where Sonatrach, the key hydrocarbons organisation — one of 50 or so such "societies nationales" to have been set up — is well run. The next development plan will have to pay more attention to social rather than to industrial needs.

Algeria remains a good target for investors and will retain the confidence of foreign lenders. But early in the next decade there will be an income gap — as oil production declines, and before money from gas comes in. The debt service ratio currently between 21 per cent and 22 per cent could well reach 25 per cent in 1983, *just when local* funds are short.

The President probably *never did come so close to open* popularity as during his final illness. On the official level, as is to be expected in a centrally-run state, there *have been full* records *in* the newspapers of tributes and condolences from the leaders of the world, and interminable expressions of loyalty, affection and hopes for his *full* recovery *from the* "mass" political organisations. But there has been, also, tangible concern *in interviews* with and letters from ordinary people which sounded genuine—*if hyperbolic—as in the case of* two men offering not just their kidneys for transplant, but their *whole bodies. A sense of* sympathy and worry about the future could be felt also in day-to-day conversations with Algerians.

In keeping with Algerian *traditions of secrecy*, ordinary people were given only the most perfunctory accounts of the President's ailments. That led to protests when many Algerians discovered the details of his illness only *from foreign* newspapers and radios. The weekly Algerie Actualite, while saying that compulsive listening to the radio was a sign of popular affection for the President, also protested that the National Charter stated that "all citizens should be well informed." That required allowing them to "share better in the preoccupations of those who guide the country."

Algerians have tended not to rash into decisions. The succession is a difficult problem because there has been no precedent since independence and because the political structure is still incomplete. But the duration of President Boumedienne's illness has given both the public and the politicians time enough to protect themselves for the future.

MEN AND MATTERS

Bad prognosis for floor shows

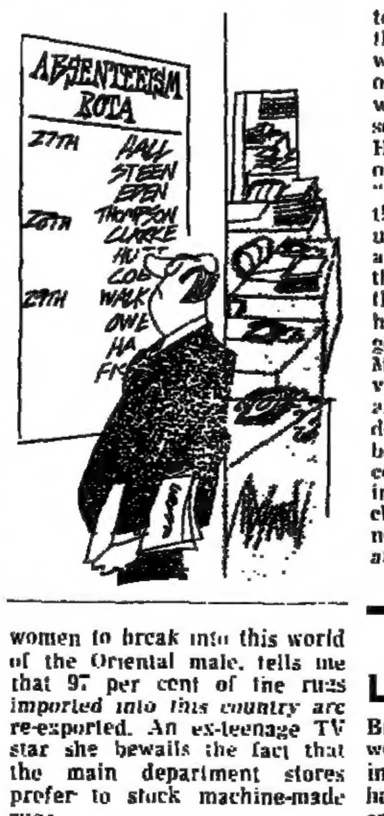
"The Persian carpet industry is dying," I was told yesterday by one of the largest importers to this country. A Persian himself, who scoffs at the name "Iran" as an artificial invention by the Pahlavi "dynasty," *he has just returned* from Tehran. He describes an industry in more knots than the ideal 600 per square inch.

The lack of cash in such banks as are open means that rug makers cannot afford to buy *wools or silks, or pay their* labourers. The bazaars are closed, with merchants hiding their rugs in relatives' basements. "I had to go to the homes of the makers to find any," the importer told me. *Nor, it seems, are many carpets* flying: the customs have been closed for 50 days, except where the odd consignment has baksheeshed its way through.

Yet it is not such problems which cause the importer's gloomy view of the future. He argues that the art is being spoiled by those trying to make *carpets with the same style of* production line used at Dagenham.

More important still, he says, is that "Persia" is no longer a country of cheap labour. Prices have risen too steeply for rug makers to survive on the wages of yesterday. "In 5-7 years only the very fine rugs will be made, the sort of which a Sheikh in the Gulf might buy two or three."

I was talking to the importer in a bonded warehouse in Kentish Town which contains some £50m worth of rugs. Grouping most of the 23 Armenian, Persian, Jewish and *Turkish families who fled* Istanbul in 1905 and who now dominate the world's carpet *trade*, this warehouse, together with a handful of others in London, forms the channel through which four-fifths of the world's rugs reach the world's markets.



Caroline Bosly, a carpet broker who is one of the few women to break into this world of the Oriental male, tells me that 97 per cent of the rugs *imported into this country are* re-exported. An ex-teenage TV star she bewails the fact that the main department stores prefer to stock machine-made rugs.

Speaking to me from the U.S. where the interest in carpets is such that she is giving a series of lectures on *television, she* told me she thought many British people remembered merchants of *dubious reputation selling door* to door. "You can fool the English once, not twice," she says.

As for the signs advertising "bankrupt stock" these only cause the trade further harm in her view. "There is no bankruptcy in this business," she says. "Rugs are literally as good as gold." To anyone who doubts this she is happy to show off her own collection of *40 rugs.*

Driving a bargain

This week's issue of the magazine Taxi throws some light on the saga of *MPs* not being able to find cabs when they want *them. "There is a very simple* way for them to be assured of obtaining taxis," says Taxi, which recently reported with some glee the wigging of Roy Hattersley by an irate driver on the subject of fare increases. "*Make a public announcement* that in future they will only use the licensed taxi service, and instruct the policemen on the gate not to allow minicabs through." "Of course," Taxi hints darkly, "there may be good reasons for using them. Maybe the minicabs are provided by the many lobbyists as an additional perk, and it is done on credit ..." There could be less sinister reasons, of course, like the desire to sit in the traffic jams with a silent chauffeur. Or the fact that there never seem to be enough taxis *at the Commons ...*

Loser loses all

British tales of sunburn, overwork, and nasty penalties for indulging in a drink or two, have nothing on the problems encountered by Pakistanis before they even reach the alluring deserts of the Middle East. My colleague in Islambad reports than one man even pawned his wife and daughter for the £200 he needed to get there.

Clutching a note promising the return of his family on production of the principal plus *interest*, he set sail from Karachi masquerading as a sailor—only to find his circum*navigation of the rigorous* emigration rules frustrated by sleuths from the customs.

This unfortunate case underlines the possibility that others are more successful in making a discreet exit No-one is certain how many Pakistanis are working in the Gulf states. What is known is that they send home a monthly fortune—over a million dollars—which helps the balance of payments, and, a trifle ironically, the regime which imprisons those who try *to leave.*

Politic animal

My story of the French management consultant defining an entrepreneur as "a *pig*" has provoked a complementary tale from the farmyard. An American consultant tells me that at a recent business conference two colleagues began discussing the difference be*tween the "mere involvement"* of the professional manager, and the "total commitment" of the entrepreneur.

One asked the other to define the terms. "As I see it," he said, the terms are best demonstrated in the case of the chicken who suggested to the pig that, as a special treat, they should treat the farmer to eggs and bacon for breakfast. "That," said the pig, "may spell mere involvement to you, but to me it looks like total commitment."

Breaking ice

It is not only members of the Royal Family who must accept they will be recognised almost anywhere they go. With Britons now glued to the small screen several hours a day, even the humblest link man filling the gap between programmes is *likely to be accosted by total* strangers. It would be interesting to know how many people *have experienced conversations* similar to this one, purporting to involve the late Stanley Baldwin.

Baldwin is in an empty train compartment heading for a rest in the country. A man comes in, and after a short pause peers round the Prime Minister's newspaper. "You're Stanley Baldwin, aren't you?" "Yes I am," comes the slightly tetchy reply. "You went to *Harrow, didn't you?*" says the newcomer. "Yes I did actually." "Tell me," persists *the stranger.* "*What are you* doing these days?"

Observer

هكذا من الأصل

A TYPICALLY ENGLISH INSTITUTION IN A CHANGING WORLD

Pantomime: the great survival act

BY ANTONY THORNCROFT

THE HERO of this year's pantomime at the London Palladium makes his escape as he has always done, by summoning the Genie of the Lamp to his aid at the last possible moment.

However, Louis Benjamin, the impressario, is not banking on miracles to manage his own escape from his £300,000 investment in Aladdin. It is all a carefully calculated business risk—but it is a risk. No longer does the Palladium automatically present a panto at Christmas: it did not do so last year and its very unlikely to mount one next year when Yul Brynner in the musical The King and I should still be packing them in. More to the point this is a brand new production. "The most lavish I have been involved with for a decade," says Benjamin. "We are having one huge go at evaluating whether the public wants panto or not. If Aladdin is not a success there will have to be a reason and we will have to establish what it is." It is quite possible that Aladdin could be the last of the really big pantomimes.

The problem, of course, is money. The theatre is a very labour intensive industry and costs here have risen even faster than the rate of inflation. Pantomimes were traditionally very spectacular events, the annual highlight for an entertainment-starved public. Now the abundance of alternative attractions has reduced the length of the panto season. Long gone are the days when a pantomime would run almost to Easter and keep the local theatre in funds for the rest of the year.

The Palladium is trying to recoup £300,000 in production costs in only 13 weeks. When £20,000 a week in running costs, plus almost as much again on advertising and the like are added, the total investment in Aladdin could be well in excess of £800,000. It would take a miracle to get the money (which is the cost of a very ambitious West End musical) back in three months, and in fact Louis Benjamin does not really expect to do so.

Any profits will come in over the years by using the production again and again. Aladdin could well surface next year in one of the few remaining large theatres in the provinces, or more probably in Canada, where there is an insatiable demand for British pantomime. In time the costumes and the sets will be leased out for steadily more humble pantomimes, making an appearance somewhere every Christmas for the next decade. However this Aladdin is rather different because it involves Danny La Rue as Widow Twankey. Around £30,000 has been spent on his costumes, one particularly impressive outfit costing £5,000. As Benjamin says "Danny's costumes alone cost the same as the whole show would have done a decade ago." They are too valuable to go into store after the season to be used by future Dames and some deal will emerge between the Palladium and Danny La Rue on their eventual use.

Matinees

The Palladium, which is the flagship of the Moss Empires group, needs over 60 per cent capacity to break even on Aladdin. There will be no problem in the early weeks when the schools are on holiday but later, especially during the afternoon matinees, some incentives, like halving seat prices for old age pensioners, are needed. Since pantomimes are very much a family occasion prices have to be kept low — the Palladium is charging between £1.50 and £5, but the two performances a day help to swell the take. It would be more profitable for the theatre to put on big international stars but Benjamin says "I would love Aladdin to pay for itself in 13 weeks. I think it can."

The Palladium's last pantomime, Cinderella, presented two years ago, turns up this Christmas at the Bristol Hippodrome, and Moss Empires also has productions at Birmingham and Liverpool. But the days when impresarios like the Littler brothers mounted 30 or more pantos a year are well and truly over. For a while Howard and Wyndham produced pantomimes in its regional theatres but now the company has diversified into other entertainment interests and has rid itself of its provincial theatres and of its pantomimes. This Christmas, Triumph Productions, with five pantos, is probably the most active company left in the field.

Like Louis Benjamin, the administrative consultant of Triumph, Gilbert Harrison, has mixed feelings about the future of pantomime. This year looks good with bookings up everywhere, but it is still a hard way to make a profit in the theatre. Triumph is producing one new pantomime this Christmas — a Robinson Crusoe for Richmond which will cost around £60,000 to stage. But when this joins the stock repertoire — Triumph has a Dick Whittington at the Ashcroft in Croydon, a Cinderella in Bath, a Jack and the Beanstalk in Birmingham and an Aladdin in Eastbourne — there are no plans for a new panto in 1979.

While costs seem certain to rise, because pantomime is a family occasion, seat prices cannot be easily raised. The only way out appears to be to reduce running costs and that is what is happening. There used to be a dozen in the chorus—now few pantomimes can field more than six or eight, although the Palladium still runs to 26. The band in the pit has shrunk to half a dozen rather than a dozen, and more use is made of taped music. Those still employed—and pantomime has traditionally been the starting off point for 16-year-old dancers—are probably earning £60 a week, almost double the rates of a few years ago.

Aladdin still packs them in: Peter John as Widow Twankey, Stephanie Voss as Aladdin and Mikki Magorian as Slave of the Ring (left to right) in a production at Watford Palace theatre.

Where there is no stinting yet is on stars. Pantomime producers are convinced that the public will only come to see the really big television names—so Moss is fielding Cilla Black at Liverpool and Norman Wisdom at Birmingham in competition there with Triumph's Arthur Askey. Eastbourne has Terry Scott while Jon Pertwee and Bernie Winters are appearing at Bath. All these are likely to be earning around £1,000 a week. And there have to be "the" spectacular effects—the scenes that dazzle the children and impress the adults. At Bromley, for example, where the Churchill Theatre is putting on Robinson Crusoe, Jack Douglas, the comedian, has persuaded the producer to include a gag which involves everyone on stage wearing the same clothes as he does—and fifteen identical costumes can play havoc with the costings. It is a seasoned pantomime tradition that the stars should introduce their own business into the shows but Bromley is rather sensitive about the matter because last year's improvements pushed the cost up to £40,000 and consumed the profit. This year costs are being kept down where possible, but still there are 29 in the cast and 14 in the orchestra.

It is the same story at the Watford Palace which is putting on Aladdin. A backcloth now costs £450 and 15 are needed in this production. The theatre cannot afford new sets for each pantomime, so a complicated system develops of hiring in where possible appropriate props and scenery for Aladdin while hiring out sets which Watford has produced in years past. Even so, it no longer expects to make a profit from pantomime. Like more and more theatres, the Palace is run by the local authority, many of which tend to see pantomime almost as an extension of the social services department.

And so a pattern is emerging: a few, a very few, lavish new productions playing the handful of major theatres. A middle band of theatrical impresarios who include pantomimes as part of their annual work load with increasing worries over the cost; and a mass of small, local pantomimes underwritten by the local councils. In terms of numbers, there are probably more pantomimes this Christmas than for many years, but few will be on the grand scale.

Not all commercial managements are dubious about the future of pantomime. Paul Elliott and Brian Hewitt-Jones are presenting half a dozen pantos this Christmas, some in their own theatres, as at Lincoln, some for civic theatres, as at Rickmansworth. As usual, this management has a new production — Goldilocks — which will first be seen in Canada with Lionel Blair. All its new productions are launched through profitable tours of Canada and then return to go round the British provinces in subsequent Christmases. So the sets and costumes of last year's Dick Whittington are now being hired out to Oxford, which tries to keep its pantomime traditional, steering a middle course between the lavish and the sparse. The stars are well known without being famous, and their top weekly salary is rarely over £500: there are dancers, but perhaps only four of them; the sets and costumes look good, mainly because they have been well treated over the years.

First visit

With such an approach pantomime can be profitable, but it can never make a fortune, and more and more in the theatre the choice is between a financial disaster or a fantastic success. If a production does not have the potential to guarantee an asset to set against the more speculative ventures it is usually not worth the management time involved in preparing it. Just as the local authorities are keeping alive the provincial theatre so they will keep alive pantomime. It is still the first visit to the theatre for most children and although it faces, as it always has, an almost impossible task in trying to appeal to all age groups, prospects now are probably better than for many years past—at least at the grass roots level.

Alternatives such as ice shows, circuses, seasonal pop concerts seem to have fared less well than the pantomime, although it does have rivals which have quickly established themselves as almost traditional in a very few years. David Wood has now written 15 musical plays for children intended to appeal to the whole family at a time when pantomime has been aimed increasingly at adults, with big television names doing their routine acts. This year 11 Wood plays are being produced. They are especially attractive to repertory companies because they do not require stars and often need only one set. As a result they are cheaper—a production seldom costs more than £20,000.

There are now almost as many approaches as there are pantomimes, from those aimed at children to the pantos aimed at TV watching adults, from the very traditional to the very contemporary. There is little in common between the Palladium Aladdin, which forgoes many of the traditional panto routines in favour of the special glamour which surrounds a top TV personality, and the new David Wood play, Babes in the Magic Wood, at Hornchurch which embroiders a modern approach around the familiar panto theme. And there are still a variety of financial interests involved, although the future would seem to lie with local authority sponsored shows. What does seem certain is that the fears expressed for the survival of pantomime, first aired almost a century ago, are still rather premature.

Letters to the Editor

Initially a good year

From Mr. R. Bruce Lockhart

Sir,—Once again, as the year draws to its close, the time has come to make my customary brief account of the past 12 months.

Most of 1978 has been taken up with IBDF conferences—an unedifying experience with so many of the GMWU quarrelling over PSD and IDS. It was such a pity when BOTB and ECGD went to great lengths to achieve harmony over EMS and CEC.

Nevertheless some light relief was provided by a KNUFNS delegation which arrived directly from a PWR/OECD meeting: delegates were continually confusing AEIH with CPSA! Hardly helpful when discussions arose on PWR and PSBR matters.

Quite separately the SALT and GATT decisions made life particularly troublesome for EDC and PUMA and I had a particularly difficult time with INSEE.

All bad things must come to an end, however, and the GEM award-giving at the conclusion of the conference was followed by ENI-IRI's jointly given farewell cocktail party. The CFDT really missed out on this one; it was a magnificent carousel of which the TUC—not to mention EIB—would have been proud. The only trouble was that some bright spark from ACDA set fire to my copy of the FT of December 14 which explained all these goings-on so succinctly.

R. N. Bruce Lockhart.
Penney Castello Carlebach and Co.,
1/2 Finsbury Square, EC2.

Tea companies profits

From the Chairman, India Regional Committee, British Tea Producers Association

Sir,—Your report (December 8) of the withholding of remittances of profits earned by British tea companies in India, by its reference to a suspicion on the part of the Indian tax authorities that more money has been paid by way of secretarial and management fees to their secretaries in the UK than was justified is misleading.

To the best of my knowledge, the Indian tax authorities have never suggested that payments to the UK secretaries of sterling tea companies were excessive. The amounts paid have been in accordance with the agreements existing between them. In fact all such payments can only have been made with the prior permission of the Reserve Bank of India. The point on which disagreement has in fact arisen is whether or not the UK secretaries have at all times carried out their duties entirely outside India.

Sir John Jardine Paterson,
Victoria House,
Vernon Place, WC1.

Permanent inflation

From Professor D. Myddelton

Sir,—May I support what Professor Dudley Johnson (December 20) says about the social costs of permanent inflation. He mentions the intermittent declines in output and increases in unemployment caused by inflation, in addition to misallocation of resources, social tensions, etc.

In order to let the market system work, prices must be free to fluctuate. Otherwise the price mechanism cannot perform its essential function. Keynes was tragically mistaken in claiming that a "flexible money" policy was more sensible than a "flexible wage" policy. For many years now we have been experiencing the "long run" which he said we could afford to ignore.

The Government pretends to be fighting against inflation. Yet—alone of the nine EEC Governments—it refuses to join the European monetary system whose main aim is to stabilise currencies. Why? Because, as a matter of policy, the British Government wants a higher rate of inflation than the other EEC countries.

One particularly damaging aspect of the British Government policy of permanent inflation is its effect on the reliability of economic calculation. What is needed is a system of inflation accounting which is logical, simple to understand and to operate, and which fully adjusts for the effects of inflation. Constant purchasing power (CPP) accounting is such a system: current cost accounting (CCA) is not. More than five years after the accountancy bodies proposed CPP the Government continues to resist it.

Government-created inflation is harmful enough: Government interference with proposed accounting adjustments exacerbates the damage. Even Sir Francis Sandilands now recognises that the report of the Government's so-called inflation accounting committee was less than satisfactory. Even after the purchasing power of the pound has been halved yet again, it is still not too late for the Government to withdraw its political objection to constant purchasing power accounting.

D. R. Myddelton,
Cranfield School of Management,
Cranfield,
Bedford.

The value of small firms

From the Chairman, the Association of Independent Businesses

Sir,—The recent survey from Shell UK, "small firms in cities," has produced some previously unpublished evidence that smaller firms alone can create significant numbers of new jobs. This is an argument that the Association of Independent Businesses has been putting for more than a decade but which the Shell study takes from the realm of opinion into the realm of fact.

In a 20-year study, Dr. Gudgin of the University of Leicester, concluded that small firms in the East Midlands, while accounting for only 11 per cent of the region's jobs, were responsible for fully two-thirds of the net increase in jobs recorded between 1948 and 1967.

We are already aware that politicians of all parties are coming around to our way of thinking on small firms and employment prospects, but as unemployment figures remain high, micro-technology advances, and demanning in the nationalised industries and larger concerns threatens further redundancies, we are convinced that statistics of this sort clearly point to even more determined policies to improve the climate of our sector, and to the need to re-order some of our economic priorities.

Brian Kingham,
Europe House,
World Trade Centre, E1.

Changing jobs

From the Secretary-General, The Life Offices' Association

Sir,—Your article "Why you should think twice before changing your job" (December 20) discusses a survey on preserved pension levels on change of employment recently carried out by the British Institute of Management. This survey claims, as you indicated, that most of the insurance representatives consulted took the view that "people who leave companies do so for their own benefit and therefore can hardly expect to be treated decently."

This is most certainly not the view held by members of the Life Offices' Association. In written evidence submitted to the Occupational Pensions Board in connection with the Board's inquiry into the protection of occupational pension rights and expectations on change of employment, the LOA and its sister body, the Associated Scottish Life Offices, stressed that for employers within the private sector the question is one of costs and of the priorities of allocating the contributions to pension schemes between employees who remain in one employment until they retire and those who leave.

Cost is the major constraint on improvements to pension benefits on leaving service—as indeed it is on any improvement to employee remuneration or benefits on retirement—and only the employer can take the ultimate decision. As the BIM survey correctly points out the insurance industry will react to whatever an employer wants.

T. H. M. Oppe,
Aldermary House,
Queen Street, EC4.

Basis for complaint

From Mr. D. S. Hulse

Sir,—I refer to your article headed "BL Tops Safety Complaint Survey" (December 22). In view of the fact that BL and Ford are the market leaders in this country, it is hardly surprising that their vehicles should register a higher absolute number of complaints than their competitors. I find it disturbing that a responsible newspaper should publish such misleading statistics without any kind of qualifying statement.

While it would be unreasonable to pretend that Ford or BL have no complaints, I feel that such statistics should be represented, not as a percentage of total complaints, but as a percentage of vehicles sold in a given period, with the resultant figures expressed in complaints per hundred units and tabulated for comparison.

I feel sure you will agree that this is the only realistic way to make a comparison between makes, and suspect very strongly that a rather different picture would emerge, which is important when one considers the increasing penetration of imported foreign vehicles into the UK market.

D. S. Hulse.
204 Haynes Park Court,
Slewins Close,
Hornchurch,
Essex.

Citizens' band radio

From Mr. G. B. Moser

Sir,—Your report by John Lloyd (December 22) on the problems that have beset Burndept Radio is timely having regard to the pressures on Government and others for permission to amend the Wireless Telegraphy Acts relating to Citizens' Band Radio. It is very clear to all users of the Radio Frequency Spectrum that chaos caused by too many stations on the same or closely related frequencies can arise should the relevant authorities not maintain an effective control.

The business user should not be confused with the person who merely wishes to have "the freedom of the air" for social chit-chat. In my view the increased use of business radio can be highly effective as regards cost and efficiency to the benefit of the customer and the community generally; I am not aware of any material evidence that supports the corresponding argument for Citizens' Band Radio.

Having regard to the present congested state of the short wave bands one must hope that the Government will stand firm against this pressure which is commercial in origin and which does not have the needs of the UK community to support it.

G. B. Moser.
20, Kentwood Road,
Kendal, Cumbria.

The strike weapon

From Miss M. Gough

Sir,—Having once myself been in the same situation as Mr. Imrie (December 19), i.e. a principal in the civil service asked to strike for a fair and reasonable rate of pay, he may like to know the points which occurred to me when I decided what to do.

Governments have treated the service unfairly and have, by changing the rules of employment unilaterally, created bad feeling and diminished the quality of entrants; but to disapprove of such behaviour implies an equal dislike for oneself if one behaves similarly. Any employed person is free to resign if he dislikes his conditions of employment (I know the snags in leaving the service); I liked my job and did not wish to leave. One good thing about the service is that, even if one belongs to a union, one is not forced by a closed shop to strike if one does not wish to; one retains one's own independence of action.

Mr. Imrie's moral dilemma therefore resolves itself into a personal battle between his desires and his principles. The quality of the service would be diminished further if all its members abandoned their principles because others seem to have none.

(Miss) M. Gough.
2 Cross Cottages, Stogursey,
Bridgwater, Somerset.

Today's Events

GENERAL

Herr Helmut Schmidt, West German Chancellor; Mr. Pierre Trudeau, Canadian Prime Minister; Mr. Malcolm Fraser, Australian Prime Minister; Sr. Carlos Andres Perez, President of Venezuela; Lt. Gen. Oluesgun Obasanjo, Nigerian Head of State; and Mr. Odvar Nordli, Norwegian Prime Minister, are among those attending a summit on North-South dialogue in Jamaica, at the invitation of Mr. Michael Manley, Jamaican Prime Minister.

Investment intentions of Scottish companies in manufacturing and construction for 1979, published in Edinburgh by the Scottish Council, Development and Industry.

Price Commission report published on prices and profits of four companies in the Dollond and Aichison group.

OFFICIAL STATISTICS

Department of Energy publishes energy trends.

COMPANY RESULTS

Final dividends: Reliant Motor Group. Vectis Stone. **Interim dividends:** S. Hoffnung. Sterling Credit.

COMPANY MEETINGS

Blackwood Morton, Burnside Works, Kilmarnock, 12. Erturay, Bloomsbury Centre Hotel, Coram Street, WC, 12. Swan Hunter, Royal Station Hotel, Newcastle upon Tyne, 12.

LUNCHTIME MUSIC, London Organ recitals by Prof. Gordon Phillips at All Hallows-by-the-Tower, 12.15 pm and 1.15 pm.

EXHIBITION

Boys and Girls Exhibition, Bingley Hall, Birmingham (until January 7).

UK COMPANY NEWS

BIDS AND DEALS

Canadian purchase will cost Ultramar £23m

The London-based oil group Ultramar's offer for Canadian Fuel Marketers, a subsidiary of Shell Petroleum, has become unconditional, following the consent of the UK Treasury, the Bank of England and the Canadian Foreign Investment Review Agency.

Ultramar will pay around C$55m (about £23m) for CFM, rather less than the outside estimates generally made when the negotiations were first announced in July. The purchase will be financed out of Ultramar's existing resources; the group raised US$50m of new money through a Eurodollar loan, secured on the cash-flow of its Indonesian operation, at the beginning of this year.

CFM, which was originally acquired by Shell to place Venezuelan production on the Canadian market, supplies fuel oil and heating oil to factories in Eastern Canada. Including gasoline its sales are in excess of 70,000 barrels a day. Ultramar itself is weak in fuel and heating oil but has a very strong presence in the gasoline market with over 1,000 filling stations.

The purchase of CFM should allow Ultramar's Quebec refinery to be run at considerably higher levels than the 70,000 to 75,000 barrels per day average at which it has been operating and therefore, by lowering production costs, bring the group's Quebec and Ontario operations back into profit. Rationalisation of marketing and distribution facilities should also bring significant cost benefits.

Ultramar has arranged that CFM's banking facilities for working capital finance should continue after the purchase.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Ailsa Investment Trust, S. Hoffnung, Sterling Credit.

Finals—Reliant Motor, Vectis Stone.

FUTURE DATES

Interims—

Amalagamated Industrials	Dec. 29
Halma	Jan. 9
Howden Group	Jan. 4
Inchcape	Jan 25

Finals—

Derby Trust	Jan 25
Winterbottom Trust	Jan. 9

DAWSON AND HAGGAS

The Dawson International offer for John Haggas has been accepted in respect of 81,438,176 shares (93.33 per cent). The offer is unconditional as regards acceptances and remains open.

Confirmation that the offer will not be referred to the Monopolies Commission has not been received and the offer remains conditional in this respect only.

FIRST CASTLE

First Castle Securities is acquiring B.R.M. Electronics from Mr. and Mrs. Norman Williams for £160,000 cash on completion and up to a maximum of further £70,000 cash dependent on B.R.M.'s results for the two years to March 31, 1980.

B.R.M. is based in Rochester, Kent, and carries on business as a supplier of services to the electronics industry.

Net assets at September 30, 1978 were £135,355. Pre-tax profit for 1977-78 was £44,032 and for the half year to September 30, 1978 it came to £41,789. The basis of valuation of work in progress has been changed for the period to September 30, 1978 and had this change not been made profit for the period April 1, 1978 to September 30, 1978, would have been £33,345.

Anglo-Swiss Holdings asks for suspension

Shares of Anglo Swiss Holdings were suspended at the company's request yesterday on news that a bid may be on the way for the loss-making engineering concern.

After making pre-tax profits of £602,000 in 1974 the company plunged into losses — totalling £400,000 in the three years to December 31, 1977.

In the first half of the current year Anglo Swiss incurred increased pre-tax losses of £87,000 compared with £70,000 for the same period in 1976.

Anglo Swiss said that the improved performance of its screw company in the first three months of this year had not been maintained.

The company has announced plans for a "drastic reshaping" of its loss-making screw activities which will include cutting out some of the more unprofitable parts of the business and a major reduction in the workforce.

Meanwhile, Anglo Swiss shares have been suspended at 29p valuing the concern at around £751,000.

Brentnall suitor pulls out

Bid talks have been called off for Brentnall Beard, the insurance broker which is the subject of an investigation by Lloyd's of London. The unnamed suitor, thought to have been a major UK company with no insurance broking interests of its own, has pulled out of talks, Brentnall announced yesterday.

At the same time the company has announced a "restructuring" of its Canadian interests which until this year, when profits slumped by 60 per cent, had produced nearly 40 per cent of group profits.

Brentnall is expected to outline the actions it proposes to take in Canada sometime next week. It is thought likely that these will involve a significant reduction in its involvement in the Canadian market where conditions in non-marine insurance have been difficult for some time.

Apart from Brentnall's involvement in the affair between the Sasse underwriting syndicate of Lloyd's and the Brazilian reinsurance group which is at the heart of the Lloyd's enquiry, Lloyd's is also thought to be studying the placing of Canadian fire risk business by Brentnall with Sasse which could give rise to some C$5m (£2.2m) of claims.

ALLIED PLANT

For an initial purchase price of £605,000 Allied Plant Group has agreed to acquire Edmond (Builders), and its subsidiary Kingston Plumbers.

A further sum of up to £200,000 may be payable depending upon Edmond's profit performance in the current year ending March 1979.

The deal is to be financed largely by the issue of new APG ordinary and preference shares. It is proposed to double APG's authorised capital to £2m.

REGIONAL PROPERTIES

Regional Properties has sold the "shorthold" interests in the office buildings, Roxburghe House and Langham House, Regent Street, and Egyptian House, Piccadilly, W1.

The unexpired terms of the leases were 28 years, 25 years and 26 years respectively.

The company having unsuccessfully explored the possibilities of extending the leases, decided that these interests were more appropriately held by a gross fund and accordingly they have been sold to a pension fund for an aggregate figure of £4.71m. The properties stood in the company's books on March 31, 1978, at £2.85m.

In addition to, and in accordance with the policy of reviewing the growth potential of the portfolio, further sales of £1.9m have been made, including residential sales.

Total sales since March 31 have, therefore, amounted to £6.609m, showing a surplus over book value of £2.3m, after estimated costs.

The income in the full year from properties sold amounts to £437,000.

American acquisition puts BSR into 'high end' of market

In a move to expand its product range into the higher end of the audio equipment market, BSR, the record changer manufacturer, is paying US$8m (£4m) for DBX, the U.S. audio concern.

BSR claims to make around 75 per cent of the world's record changers and also produces magnetic cartridges for audio equipment systems.

Mr. John Ferguson, BSR's chairman and managing director, said yesterday that DBX—which makes tape noise reduction systems and dynamic range expanders — will expand the group's product range and take it into the "high end of the consumer and professional audio equipment market."

BSR has traditionally dominated the lower end of the market through its record changers but profits have come under pressure recently as consumer tastes have become more sophisticated and expensive.

Last year group pre-tax profits fell £8.3m to £20.3m and in the first half of the current year profits were down further from £12.2m to £10.1m.

In the first half of the current year DBX showed pre-tax profits of $633,519 (£312,000) compared with the $862,331 (£425,000) earned in the whole of the previous financial year.

According to the group net assets of DBX at September 30, 1978 were US$1.4m (£690,000).

SHARE STAKES

Status Discount—E. D. Healey, director, has disposed of 110,500 shares, beneficial, and M. S. Healey director, has disposed of 89,500 shares, beneficial.

Walter Duncan and Goodricke—Lawrie Plantation Holdings bought 17,000 shares on December 21 and now holds 458,002 shares (36.64 per cent).

M. Brown Investments—D. Alliance, director, and Mrs. V. Alliance, wife of director, as trustees of a trust established by N. Alliance, director, have bought 25,000 shares at 37p.

Cope Sportswear—Mr. H. M. Ross now holds 426,147 shares (less than 5 per cent) having sold 722,038 shares.

Maurice James Industries: Mr L. M. James, chairman, bought 10,000 shares at 14p on December 18, 17,000 at 14p on December 19, 30,000 at 14½p on December 18 and 100,000 at 14½ on December 20.

Rockware Group:—D. M. G. Bailey, director, has sold 23,071 shares.

Brown Sipley Holdings: Duncan Lawrie Investments has purchased a further 25,000 ordinary shares increasing its holdings to 305,000 shares (5.5 per cent).

Edinburgh and General Investments: Birmingham and Midland Counties Trust has acquired 475,000 ordinary shares giving it a total holding of 1,050,000 (29.85 per cent) ordinary shares.

Trust Houses Forte: Kuwait Investment Office has acquired an interest in 25,000 shares making a total interest of 5,605,000 shares (5.37 per cent).

Motor side strength lifts Mann Egerton

A GOOD performance from its motor division, reflecting the buoyant car market, has lifted taxable profits of Mann Egerton, a subsidiary of Inchcape and Co., from £2.11m to £2.55m for the half year to September 30, 1978. Turnover, of which the motor side accounts for some 90 per cent, was well up at £92.49m against £71.82m.

The directors say the motor division continues to perform well—trading profit was up 41 per cent for the first six months—and because of this strength they look forward to yet another successful full year's trading. Pre-tax profit for the 1977-78 year was a record £4.56m.

Results from the industrial division are less encouraging, the directors state. Though Aronstead (manufacturer of outdoor leisure furniture) and E. V. Hawtin (distributor and importer of camping and sports equipment and leisure wear) produced satisfactory profits, these were more than offset by the losses incurred by Sheerlite (manufacturer of domestic light fittings), they say.

As mentioned in the annual report, this company is being re-organised and is not expected to return to profit until next year.

Pre-tax figure was struck after interest £585,000 compared with £270,000 and was subject to tax of £1.05m (£428,000). SSAP 15 has been adopted and comparisons adjusted.

There was an extraordinary credit of £178,000 (£17,000) for the first half, being the profit from sales of properties.

Allied Hambro launches Far East Exempt

The Allied Hambro Group is to-day launching its third exempt fund—the Allied Hambro Far East Exempt Fund—managed by Hambro Unit Trust Managers. This fund will enable pension funds and charities to invest in the Far East without having to build up the resources necessary to oprate directly in an overseas equity market.

Equity funds based on Far Eastern markets have been the best performers this year, both on the ordinary unit side and in the exempt funds. Investors are now becoming aware of the potential offered by investment in these territories.

The invstment policy of this new fund is to go for capital growth rather than high income. The initial portfolio will hold between 50 and 55 per cent in Japan, 20 to 25 per cent in Hong Kong, 10 to 15 per cnt in Australia and between 5 and 10 per cent in both the Philippines and Singapore and Malaysia. Investment initially will be financed predominantly through loans, but the managers will use investment currency as well, depending on circumstances.

Units are offered at 50p, yielding an estimated 2 per cent gross, and the minimum initial investment is £1,000.

This launch follows the success achieved by the Group with its two previous exempt funds, the Exempt Smaller Companies and the U.S.A. Exempt Fund.

Increase for Brunner Investment

Net revenue of Brunner Investment Trust emerged higher at £676,079 for the year ended November 30, 1978 against £589,148 and the dividend is stepped up to 4p net per 25p share with a final of 2.15p—last year's total was 3.55p.

Total income for the period was £1.29m (£1.02m) and expenses and tax took £241,446 (£87,948) and £371,656 (£346,725) respectively.

Earnings per share are shown as 4.13p (3.58p) and after deducting prior charges at par, net asset value per share is given as 131.9p (124.5p); the final dividend is payable on March 16.

MINING NEWS

Strike of black workers at Rossing

BY KENNETH MARSTON, MINING EDITOR

TOP OFFICIALS of Rio Tinto-Zinc's big Rossing uranium mine in Namibia (South-West Africa) were yesterday holding talks with representatives of some 2,000 striking black mineworkers, in a bid to end a five-day-old dispute there, reports Quentin Peel from Johannesburg.

The strike is the most serious to date at the controversial mine, where production has previously been plagued by technical problems and earlier this year by a fire which destroyed the solvent extraction plant. The company claimed yesterday, however, that so far the dispute, involving about two-thirds of the labour force, has not affected output.

The immediate cause of the dispute is the introduction of a new unified system of pay rates, and the annual pay rises which have just been awarded. But other issues, including allegations of continuing racial discrimination in pay and conditions, and the political situation in the territory following this month's South African-organised elections, boycotted by the South West Africa People's Organisation (SWAPO), the principal black nationalist movement, are also said to be behind it.

Mr. David Murray, executive controller of Rossing Uranium in Windhoek, said that Mr Craig Gibson, the managing director, and other senior officials, were at the mine having talks with representatives chosen by the workers, and they were expecting further progress.

"We are finding it a little difficult to understand," he said. "The cause appears to be that we have introduced a new job evaluation system, but it is not a uniform dispute. Obviously there appeared to be misunderstandings, and we have taken every effort to try and remove any further misunderstanding."

Mr. Murray said the new system was based on the Patterson plan, a single, non-racial wage curve covering all employees. However SWAPO, which is particularly well organised at Rossing, where the voting turn-out at the recent elections was notably low, issued a statement claiming that discriminatory practices were continuing at the mine.

Pastor Festus Naholo, the Secretary for Foreign Affairs of the organisation's internal wing, and clergyman at the mine's black township of Arandis, said in a lengthy statement that the new pay system had resulted in increases of about R8 (£4.60) a month for the lowest paid black workers, and R100 to R200 a month for the lowest paid white workers. "This caused a tremendous amount of distress among the black workers."

Pastor Naholo said other grievances included the poisonous effects of radium on mineworkers, their bad treatment by the security police at the mine, and the low priority given to the health and welfare of the black workers there.

He added that multi-national corporations operating in the territory were involved in the exploitation and plundering of Namibian natural resources, and should comply with UN Council of Namibia resolutions to stop their operations under the rule of the "illegal South African occupationist regime."

SOUTHERN KINTA

The tin-producing Southern Kinta Consolidated, which is now incorporated in Malaysia, reports a net profit for the six months to September 30 of M$2.64m (£611,000) compared with M$2.81m in the same period of last year and a total for the 12 months to March 31, 1978, of M$4.36m.

Profits at pre-tax level were higher in the latest half-year, but the increase was outweighed by a heavier tax charge. An interim dividend is declared of 60 cents (13.99p), less Malaysian tax at 40 per cent, which will be payable on January 29.

ROUND-UP

South Africa's gold production again declined in November, slipping to 1,880,211 oz from 1,894,900 oz in October, according to the Chamber of Mines. The total for the first 11 months of 1978 amounts to 20,865,296 oz compared with 20,664,020 oz in the same period of 1977.

* * *

A strike on January 7 faces the Grande Cache, Alberta, coal operation of Canada's McIntyre Mines unless a settlement can be reached in the meantime. The company has suffered a consolidated loss of almost C$4.1m (£1.73m) in the nine months to September 30 after including losses of the affiliate companies, notably those of the 37 per cent-owned Falconbridge Nickel.

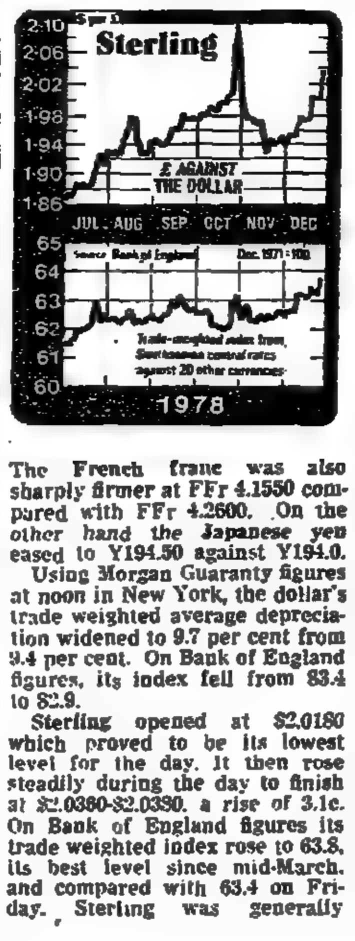
CURRENCIES, MONEY and GOLD

Dollar shows sharp fall

Trading in the foreign exchange market on the first day after the Christmas holiday proved to be fairly active, with financial centres experiencing a reasonable turnover. The U.S. dollar lost ground sharply against most major currencies, with continued concern over the unrest in Iran having a depressing effect on the U.S. unit. Support from various central banks was limited to merely minimising the dollar's losses, and confidence remained low ahead of the U.S. trade figures.

Against the West German mark it fell to DM 1.8200 before recovering to DM 1.8215 at the close, compared with the previous level of DM 1.8540. Similarly the Swiss franc improved to SwFr 1.6125 before finishing at SwFr 1.6155 against SwFr 1.6437½.

STERLING



The French franc was also sharply firmer at FFr 4.1550 compared with FFr 4.2600. On the other hand the Japanese yen eased to Y194.50 against Y194.0.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 9.7 per cent from 9.4 per cent. On Bank of England figures, its index fell from 83.4 to 82.9.

Sterling opened at $2.0180 which proved to be its lowest level for the day. It then rose steadily during the day to finish at $2.0380-$2.0390, a rise of 3.1c. On Bank of England figures its trade weighted index rose to 63.8, its best level since mid-March, and compared with 63.4 on Friday. Sterling was generally weaker against other major currencies with the D-mark improving to DM 3.71 from DM 3.7225 and the Swiss franc rising to SwFr. 3.29 against SwFr. 3.2975.

FRANKFURT—A sharp fall at the fixing by the dollar to DM 1.8283 from DM 1.8532 on Friday, prompted intervention by the Bundesbank to the sum of $11.6m. During the afternoon, the U.S. unit continued to lose ground to DM 1.8270 in extremely thin trading. Movements tended to be exaggerated with moderate dollar sales tending to push down the rate.

PARIS — After falling steadily throughout the day, the dollar closed against the French franc at around its worst level. The U.S. unit finished at Fr4.1750 against Fr4.2187½ earlier and Fr4.2500 on Tuesday. The franc was also helped by the small increase of 0.5 per cent in French retail prices. Against the D-mark the franc rose to Fr2.2915 from Fr2.3000 in the morning and SwFr2.5725 compared with SwFr 2.5800 earlier.

MILAN — Yesterday's fixing saw a sharp decline in the dollar to L832.70 against Friday's level of L838.55. At the same time the lira was weaker against most European currencies, with the D-mark at L455.60 against L452.75 on Friday, and the French franc at L198.7 from L197.30. Trading was described as active, with pressure on the lira expected to increase ahead of its fixing for entry into the EMS.

ZURICH—In quiet early morning trading, the dollar showed a weaker tendency despite central bank support. The U.S. unit fell to SwFr 1.6260 after SwFr 1.6340 and to DM 1.8310 from DM 1.8345.

AMSTERDAM—The dollar was fixed at Fl 1.9885 compared with the previous fixing of Fl 2.0115. In later trading the U.S. unit fell further to Fl 1.9735.

TOKYO—The dollar finished slightly higher against the Japanese yen yesterday at Y 195.535, compared with Tuesday's rate of Y 195.325. During the morning, the U.S. currency touched Y 194.95 before recovering to Y 195.30 around noon. After reaching Y 195.80 in the afternoon, on year-end settlements, it eased slightly to its closing level. Trading in the spot market totalled $445m, with forward trading at $199m and swap dealings at around $1bn.

THE POUND SPOT / FORWARD AGAINST £

Dec. 27	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	2.0180-2.0380	2.0380-2.0390	0.32-0.22c pm	1.59	0.45-0.35c pm	0.75
Canadian $	10¾	2.399-2.4165	2.4145-2.4165	0.60-0.50c pm	2.75	1.15-1.00c pm	1.78
Guilder	6½	4.00-4.04	4.00½-4.01½	1c pm-par	1.50	3½-2½ c pm	2.88
Belgian F	6	58.50-59.00	58.55-58.65	10c pm-par	1.02	45-35 c pm	2.73
Danish K	8	10.35-10.40	10.35½-10.36½	1ore pm-1½ dis	−0.87	4-6 ore dis	−1.93
D-Mark	3	3.69½-3.75	3.70½-3.71½	3½-2½ pf pm	9.30	9-8 pf pm	9.16
Port. Esc.	18	92.50-93.50	92.85-93.25	60-195 c dis	−10.64	180-350 c dis	−11.38
Span. Pes.	8	142.00-143.00	142.80-142.90	30-100 c dis	−5.46	200-300 c dis	−7.00
Lira	10½	1,679-1,696	1,694-1,695	par-2 lire dis	−0.71	8-9 lire dis	−1.77
Nrwgn. K.	7	[illegible]	10.19½-10.20½	2½-1½ ore pm	1.76	4½-2½ ore pm	1.27
French Fr.	9½	8.45-8.55	8.45½-8.46½	2¼-1¼c pm	2.48	8½-7½ c pm	3.66
Swedish Kr.	6½	8.70½-8.76	8.74½-8.75½	3½-1½ ore pm	3.09	6½-4½ ore pm	2.40
Yen	3½	392-400	395½-397½	4.65-4.25y pm	13.47	12.05-11.55 y pm	11.90
Austria Sch.	4½	27.05-27.25	27.15-27.25	18.8 gro pm	5.73	45-35 gro pm	5.88
Swiss Fr.	1	3.28-3.32	3.28½-3.29½	4-3 c pm	12.77	10½-8½ c pm	12.61

Belgium rate is for convertible francs. Financial franc 59.95-60.05. Six-month forward dollar 0.72-0.62c pm, 12-month 1.87-1.77c pm.

THE DOLLAR SPOT AND FORWARD

Dec. 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canada†	84.37-84.68	84.65-84.68	par-0.03c pm	0.15	0.14-0.17c pm	0.73
Nethlnd.	1.9745-1.9920	1.9745-1.9765	0.50-par	0.27	1.20-1.05c pm	2.25
Belgium	28.88-29.33	29.30-29.33	par-2c dis	−0.76	17-14c dis	1.88
Denmark	5.0950-5.1275	5.0950-5.1000	0.80-1.30ore dis	−2.24	3.50-4.00ore dis	−2.89
W. Ger.	1.8210-1.8365	1.8230-1.8250	1.20-1.14pf pm	6.95	3.90-3.84pf pm	8.19
Portugal	45.75-46.00	45.80-45.95	35-45c dis	−10.46	75-145c dis	−9.59
Spain	70.10-70.41	70.10-70.18	30-55c dis	−6.59	130-165c dis	−8.30
Italy	831.00-834.00	832.25-832.75	1.50-2.50lire dis	−2.82	5.50-6.50lire dis	−2.85
Norway	5.0150-5.0360	5.0140-5.0160	1.00-0.50ore pm	1.63	1.50-1.00ore pm	0.38
France	4.1750-4.2275	4.1750-4.1800	1.00-0.50c pm	1.81	3.25-2.75c pm	2.44
Sweden	4.3000-4.3160	4.3040-4.3060	0.80-0.60ore pm	1.77	2.00-1.80ore pm	1.74
Japan	194.40-195.00	194.40-194.60	2.00-1.65y pm	11.20	5.50-5.30y pm	11.07
Austria	13.32-13.44	13.32-13.35	4.00-2.75gro pm	2.74	16.25-13.75gro pm	4.42
Switz.	1.6150-1.6345	1.6150-1.6200	1.62-1.58c pm	10.59	4.84-4.78c pm	11.59

† U.S. cents per Canadian $.

CURRENCY RATES

December 27	Special Drawing Rights	European Unit of Account
Sterling	0.640863	0.675024
U.S. dollar	1.29957	1.36899
Canadian dollar	1.54388	1.62440
Austrian schilling	17.4383	18.3610
Belgian franc	37.6614	39.6597
Danish krone	6.65756	7.01100
Deutsche Mark	2.37619	2.50703
Guilder	2.59439	2.72921
French franc	5.45082	5.74346
Lira	1082.30	1141.22
Yen	253.436	267.285
Norwegian krone	6.53214	6.88896
Peseta	91.3967	96.2318
Swedish krona	5.60893	5.90175
Swiss franc	2.11458	2.22757

CURRENCY MOVEMENTS

December 27	Bank of England Index	Morgan Guaranty changes %
Sterling	63.81	−40.5
U.S. dollar	82.87	− 9.7
Canadian dollar	78.92	−18.6
Austrian schilling	147.83	+19.3
Belgian franc	114.34	+15.4
Danish krone	118.60	+ 7.0
Deutsche Mark	151.17	+42.3
Swiss franc	198.85	+85.7
Guilder	125.10	+21.3
French franc	100.60	− 5.2
Lira	53.91	−49.7
Yen	147.55	+45.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Dec. 27	£	$		£ Note Rates
Argentina Peso	2,020-2,024	991.65-993.65	Austria	26¾-27¾
Australia Dollar	1.7655-1.7705	0.8705-0.8715	Belgium	59½-60½
Finland Markka	7.99-8.00	3.9500-3.9525	Denmark	10.30-10.40
Brazil Cruzeiro	41.90-42.90	20.55-21.05	France	8.45-8.60
Greek Drachma	72.992-73.853	35.85-36.25	Germany	3.65-3.75
Hong Kong Dollar	9.7400-9.7650	4.7960-4.7990	Italy	1630-1680
Iran Rial	148.00-152.00	74-78	Japan	394-400
Kuwait Dinar (KD)	0.547-0.557	0.2721-0.2725	Netherlands	3.95-4.05
Luxembourg Franc	58.70-58.85	28.76-28.79	Norway	10.10-10.25
Malaysia Dollar	4.4750-4.4950	2.2050-2.2080	Portugal	91-97
New Zealand Dollar	1.9040-1.9110	0.9380-0.9410	Spain	145-148
Saudi Arabia Riyal	6.68-6.78	3.3150-3.3250	Switzerland	3.25-3.35
Singapore Dollar	4.3960-4.4160	2.1670-2.1690	United States	2.0350-2.0400
South African Rand	1.7499-1.7762	0.8590-0.8720	Yugoslavia	41-44

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Dec. 27	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.037	3.710	396.5	8.460	3.290	4.010	1695.	2.416	58.60
U.S. Dollar	0.491	1.	1.821	194.6	4.153	1.615	1.969	831.9	1.186	28.77
Deutsche mark	[illegible]	0.549	1.	106.9	[illegible]	0.887	1.081	456.7	0.651	15.80
Japanese Yen 1,000	2.522	5.137	9.357	1000.	[illegible]	[illegible]	[illegible]	4274.	6.092	147.8
French Franc 10	1.182	2.408	4.385	468.7	10.	3.889	4.740	2005.	2.856	69.27
Swiss Franc	0.304	0.619	1.128	120.5	2.571	1.	1.219	515.3	0.734	17.81
Dutch Guilder	0.249	0.508	0.925	98.88	2.110	0.820	1.	422.6	0.602	14.61
Italian Lira 1,000	0.590	1.202	2.189	234.0	4.993	1.942	2.366	1000.	1.425	[illegible]
Canadian Dollar	0.414	[illegible]	1.536	[illegible]	3.502	1.362	1.660	701.5	1.	24.26
Belgian Franc 100	1.706	3.476	6.331	676.6	14.44	5.614	6.845	2892.	4.122	100.

EURO-CURRENCY INTEREST RATES

Dec. 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11¼-11½	10½-10⅝	7½-8½	10-10¼	[illegible]	6½-6¾	10-11	6-15	—	7¾-8¼
7 days' notice	12-12¼	10⅝-10⅞	7½-8½	10-10¼	par-⅛	4¾-5	10-11	12½-15½	11⅛-12⅛	[illegible]
Month	12-12⅛	10½-10⅝	10-10½	10-10¼	[illegible]	3⅜-3¾	6¾-9	12½-14½	14⅛-14⅝	[illegible]
Three months	12⅞-13¼	11⅞-12⅛	10⅞-11⅛	9½-9¾	[illegible]	3⅜-3½	9-9½	14-15½	11⅛-11⅜	[illegible]
Six months	13⅛-13½	12⅛-12⅜	10⅝-11⅛	9-9¼	[illegible]	3⅞-4	9¼-9½	15-16	12⅛-12⅜	2⅛-2⅜
One year	13⅛-13½	12-12¼	10⅝-11	8⅝-8⅞	[illegible]	4-4⅛	9⅞-10	14-15½	12⅛-12⅝	2⅝-2⅞

The following nominal rates were quoted for London dollar certificates of deposit: one month 11.15-11.25 per cent; three months 11.50-11.60 per cent; six months 11.95-12.05 per cent; one year 11.70-11.80 per cent.

Long-term Eurodollar deposits: two years 10⅞-11⅛ per cent; three years 10½-10⅝ per cent; four years 10½-10⅝ per cent; five years 10½-10⅝ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Fed funds very firm

The U.S. Federal Reserve intervened to add reserves to the banking system yesterday, with Federal Funds at around 11 per cent. This was the second round of repurchase orders by the authorities, following similar action on Tuesday, when Fed funds finished at around 11-11¼ per cent. Squaring of positions at the end of the year, and weekly make-up day for the banks, tended to distort trading, but interest rates are expected to remain firm over the next few days. The general level of bank prime rates is now 11¾ per cent, but the Federal Reserve's target rate for Fed funds is probably no higher than 10¼-10½ per cent.

Treasury bill rates were easier, with 13-week bills falling to 9.26 per cent from 9.36 per cent late Tuesday; 26-week bills to 9.44 per cent from 9.51 per cent; and one-year bills to 9.61 per cent from 9.62 per cent.

FRANKFURT—Call money rose to 3.45-3.55 per cent, from 2.95-3.05 per cent last Friday. One-month, three-month, and six-month rates were all unchanged at 4.10-4.20 per cent; while 12-month funds were quoted at 4.15-4.30 per cent, compared with 4.20-4.30 per cent previously.

AMSTERDAM — Interbank money market rates were firmer, with call money at 10½-11 per cent, compared with 10½-11 per cent previously. One-month rose to 10½-11 per cent from 10¼-10½ per cent; three-month to 10⅝-10⅞ per cent from 10-10½ per cent; and six-month to 9½-9⅞ per cent from 9¼-9½ per cent.

BRUSSELS—One-month deposit rate for the Belgian franc (commercial) was slightly firmer at 10¾-11 per cent, compared with 10⅝-11 per cent before the Christmas holiday. The three-month rate was unchanged at 10¼-10⅝ per cent; as was six-month at 9-9½ per cent; and 12-month at 8¾-9¼ per cent.

PARIS—Short-term interest rates showed little change, with day-to-day money at 6⅝ per cent; one-month at 6⅝-6¾ per cent; three-month at 6⅞-6⅞ per cent; six-month at 6¾-6⅞ per cent; and 12-month at 7¼-7⅞ per cent.

MILAN—Money rates were unchanged, with call at 10¼-10⅞ per cent; one-month at 10⅞-11 per cent; two-month at 11-11¼ per cent; and three-month at 11¼-11½ per cent.

GOLD

Sharp rise

Gold rose sharply in the London bullion market yesterday to $222¾, a rise of $7¼ an ounce. The metal opened at $222-222½ and reached a low for the day of $219½-220 before the morning fixing of $220.75. It then rose to be fixed during the afternoon at $220.50 and touched $223-223½ in early New York trading.

In Paris the 12½ kilo bar was fixed at Fr30,050 per kilo ($222.85 per ounce) against Fr30,000 ($221.83) in the morning and Fr29,900 ($218.18) on Tuesday afternoon.

	Dec. 27	Dec. 22
Gold Bullion (a fine ounce)		
Close	$222¼-223	$215-215½
Opening	$222-222½	$215¼-216¼
Morning fixing	$220.75	$216.80
	(£108.012)	(£107.823)
Afternoon fixing	$220.50	$215.10
	(£108.487)	(£107.140)
Gold Coins domestically		
Krugerrand	$228½-230½	$226½-228½
	(£114½-115½)	(£113-114)
New Sovereigns	$64-66	$63-65
	(£31½-32½)	(£31½-32)
Old Sovereigns	$65-66	$61-63
	(£31-32)	(£30½-31½)
Gold Coins internationally		
Krugerrand	$228-230	$221-223
	(£112-113)	(£110½-111½)
New Sovereigns	$58½-60½	$57-59
	(£28½-29½)	(£28½-29½)
Old Sovereigns	$82½-84½	$87-89
	(£38½-31½)	(£30½-31½)
$20 Eagles	$296-301	$290-295
$10 Eagles	$165-170	$163-168
$5 Eagles	$110-115	$110-115

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day-to-day credit appeared to be in fairly good supply in the London money market yesterday, but the authorities gave a small amount of assistance by buying a small number of Treasury bills from the discount houses, and a small amount of local authority bills.

There was a fairly large net take-up of Treasury bills to finance, but the market was helped by surplus bank balances brought forward from Friday; a moderate fall in the note circulation; and a fairly large excess of Government disbursements over revenue payments to the Exchequer.

Discount houses paid 11¼-11½ per cent for secured call loans in the early part, and some balances were taken at 11¾ per cent, but closing rates were generally in the region of 10½-11½ per cent.

In the interbank market overnight rates opened at 11-11¼ per cent, and touched 11¼-11½ per cent, but traded at 11-11¼ per cent for most of the day, before closing at 10-10½ per cent.

LONDON MONEY RATES

Dec. 27 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	10-11¼	—	—	—	11¼	10¼-11¼	—	—	—
2 days notice	—	—	11½-11⅞	—	—	—	—	—	—	—
7 days or	—	—	[illegible]	—	—	—	—	—	—	—
7 days notice	—	[illegible]	[illegible]	—	—	[illegible]	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	13½-13¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 12¾-13 per cent; four years 12¾ per cent; five years 12¾-13 per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅞ per cent; four-month trade bills 12½ per cent.

Approximate selling rates for one-month Treasury bills 11⅞ per cent; two-month 11⅝-11¾ per cent; three-month 11⅝-11¾ per cent. Approximate selling rate for one-month bank bills 11¾-11⅞ per cent; two-month 11¾ per cent; and three-month 11¾ per cent; one-month trade bills 12¼ per cent; two-month 12½ per cent; and also three-month 12½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from December 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.5657 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.5-11.75
Fed. Funds	[illegible]
Treasury Bills (13-week)	9.26
Treasury Bills (26-week)	9.44
GERMANY	
Discount Rate	3
Overnight	[illegible]
One month	[illegible]
Three months	4.15
Six months	4.15
FRANCE	
Discount Rate	9.5
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
JAPAN	
Discount Rate	3.5
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

Tandberg companies to be sold

By Our Own Correspondent

OSLO — The two UK subsidiaries of Tandberg, the Norwegian electronics concern recently declared bankrupt, will be offered for sale to British interests. One of the companies produces Tandberg TV sets at a factory in Scotland; the other, in Leeds, is a marketing company for the TV sets and other Tandberg products.

A representative of the receivers, Mr. Anders Eckhoff, said that negotiations about the sale would begin early in the New Year. There were several prospective buyers. The companies might be sold separately or together.

The TV factory, at Haddington in Scotland, is to continue producing sets as long as components are available. Some of the parts it uses are imported from the Norwegian parent. The receivers hope to sell both companies as going concerns.

Unlike the parent company, both made a profit this year.

Problems in Nigeria for East Asiatic

By Hilary Barnes

COPENHAGEN — The East Asiatic Company of Denmark has informed staff in an internal memorandum that it is experiencing difficulties in Nigeria, and that some of its shipping lines are producing unsatisfactory results.

The company has refused to publish the statement to employees, but the Danish news agency, Ritzaus Bureau, reported that the statement said the company's Nigerian subsidiary, R. T. Brisco, in which East Asiatic has a 40 per cent shareholding, is suffering from Nigerian import restrictions. Brisco's main business is the import and distribution of automobile parts.

East Asiatic reported a $32m net profit on a worldwide turnover of $4.5bn in 1977 against a net profit of $54m on a slightly lower turnover in 1976.

NORWEGIAN BANKING

New round in compensation fight

BY FAY GJESTER

OSLO — Norway's new law to "democratise" the commercial banks, which took effect from January this year, does not provide for adequate compensation to shareholders who wish to sell their shares to the state, Oslo's municipal court has decided.

The court's verdict, against which the state intends to appeal, is a partial triumph for a group of 68 bank shareholders who are challenging the constitutional position of the new law in the courts. The law puts public appointees in a majority on the banks' representative councils (which elect their boards) thus depriving shareholders of control. It says that shareholders who object to the new state of affairs may sell their shares to the State at the market price on January 1, 1978, or at the average price over the preceding three years, whichever is the higher.

The 68 shareholders who brought the case were seeking the right to full compensation for their stakes in the banks—that is, compensation based on the banks' total assets. This right was not conceded by the Oslo court. It ruled, however, that the compensation based on the shares' average price over the three years 1975/77 would be unfairly low—because bank shares began falling in value from October 1973, when the Labour government was returned to power and announced its plans to make the banks more democratic.

According to the court, Norway's constitution entitles shareholders to full compensation for the probable value their shares would have had on January 1, 1978, if the law had not been passed. This price will have to be determined by an independent group of experts.

If the higher courts uphold the Oslo decision, the official commission which has been working out compensation prices for bank shares, in accordance with the law, will have been wasting its time. So far it has fixed prices for the shares of Norway's three largest commercial banks—Bergen Bank, Den norske Creditbank and Christiania Bank og Kreditkasse.

Mr. Tor Moursund, chairman of the Norwegian Commercial Banks Association, has advised shareholders to hang on to their shares at least until the Oslo decision has been tested in the Supreme Court. Under the law, shareholders have until end 1980 to decide whether to sell their shares to the State at the official price.

Swissair sees lower earnings

By John Wicks

ZURICH—Lower profits for the second year running are expected by Swissair, the Swiss International airline.

This was indicated in a year-end speech to staff given in Zurich by the airline's president, Armin Baltensweiler. He said that profits would be the "third best" this decade. This means that they will lie between the SwFr 42.9m booked in 1974 and the SwFr 43.9m earned in 1976.

Last year, the net after-tax profit had emerged at an all-time high of SwFr 51.9m.

In the past year, the airline was hit hardest by the currency situation, said Baltensweiler. The fact that most foreign currencies dropped by more than 20 per cent in value against the Swiss franc led to a revenue shortfall of about SwFr 370m. Savings due to the mounting value of the Swiss franc totalled only SwFr 200m and an increase in traffic and various cost-cutting measures offset the net revenue loss only in part.

However, the growth rate in Swissair traffic surpassed that for 1977 and was "even considerably higher than budgeted," since the expansion of capacity was less than in 1977, the load factor continued to climb—the overall load coefficient of 58 per cent was the company's highest for 18 years.

"It is a really depressing fact that despite a traffic boost of more than 10 per cent we had to suffer a decline in revenue of almost 7 per cent," Baltensweiler told personnel.

The 1978 results would, he disclosed, allow payment of an adequate dividend (last year Swissair paid SwFr 35 per share) as well as such additional depreciations as were indispensable for the auto-financing of future aircraft purchases.

With regard to 1979, Baltensweiler said the year would be "rougher and under more severe competitive conditions." Swissair could not rest on its laurels.

Hershey Foods in takeover bid for Friendly Ice Cream

BY STEWART FLEMING

NEW YORK — Hershey Foods, the largest U.S. cocoa and chocolate manufacturer, has announced a major diversification with an agreement to purchase 40.5 per cent of the shares of Friendly Ice Cream. Hershey says it plans to make a $23 a share offer for the outstanding stock of Friendly.

Friendly operates a chain of over 600 restaurants specialising in ice cream and sandwiches across the north-east of the U.S. Its sales revenues in 1977 totalled $200m and profits were $8.8m.

The company has already indicated before that it would not be adverse to a takeover offer, and it announced that its two founders and principal shareholders had agreed to sell the bulk of the 40.5 per cent of the equity which Hershey has agreed initially to purchase.

Hershey said that the proposed acquisition was part of its programme to diversify in the food industry. Friendly had been growing rapidly until the mid-1970s, when analysts concluded that it had practically saturated its home markets in New England. It then began to expand in the Midwest. It could present Hershey with an entry into the expanding fast food market.

Ciba-Geigy U.S. sales will exceed $1bn mark

BY OUR OWN CORRESPONDENT

ZURICH — Turnover of Ciba-Geigy Corporation, the U.S. subsidiary of the Swiss Ciba-Geigy concern, will pass the $1bn mark for the first time this year. In an interview with the Swiss newspaper "Basler Zeitung," company spokesman Mr. Howard Wheeler said that the $2bn sales level should be reached by 1985.

For 1978, sales are put at some $1.05bn, of which some $450m will have been accounted for by agro-chemicals, $250m by pharmaceuticals, and $150m each by the product groups plastics and additives, dyestuffs and chemicals and Airwick.

● Ciba-Geigy, acting through its West German subsidiary, Ciba-Geigy Holding Deutschland, will in early 1979 take over the Luebeck-based pharmaceuticals manufacturer Dr. Christian Brunnengraeber Chem. Fabrik.

The Luebeck undertaking is currently owned by L. Possehl and Co. mbH of Luebeck, and specialises in products for the treatment of gastro-intestinal disorders.

Annual turnover is given at DM18m.

Currency movements hit exports at Adam Opel

RUESSELSHEIM — Adam Opel AG is finding exports increasingly difficult in view of currency problems, but is determined to maintain and extend its export market positions, according to Mr. James F. Waters, Opel management board chairman.

In a statement, he said almost every second job in the concern, the West German subsidiary of General Motors of the U.S., depends on exports. This year exports are estimated to amount to 438,000 vehicles, out of a total record production of 959,200, he noted. Last year total production was some 34,000 lower, with exports totalling 422,800, he added.

Reuter

Warning by Landis & Gyr

BY OUR OWN CORRESPONDENT

ZURICH — The Swiss electrical engineering concern Landis and Gyr does not expect fiscal 1979 to produce the same favourable results as the financial year which ended on September 30, 1978, according to parent-company management chairman Herr Gottfried Straub-Gyr.

For the time being 1979 must be seen as a "lean" year for profits and perhaps also for employment. A normalisation of the currency situation would not take place until the dollar rose to SwFr 2 and the Deutsche Mark to SwFr 1 to the Swiss currency, he said in the house journal.

Group cash-flow rose slightly to SwFr 102m in 1977-78. Group earnings increased to a net SwFr 46m ($27.5m) from SwFr 41.2m for the fiscal year, despite a 7 per cent drop in group turnover to SwFr 986m.

Yankee bond for Norway

BY OUR EUROMARKETS STAFF

The Kingdom of Norway has filed a proposed offering of $100m of five-year notes in the New York Yankee bond market.

The offering, filed with the SEC, will be underwritten by an international group led by Lehman Bros. Kuhn Loeb, Goldman Sachs, Merrill Lynch, Pierce Fenner and Smith, Salomon Brothers, Bergen Bank, Christiania Bank and Kreditkasse and Den Norske Creditbank.

The notes are scheduled to be offered in mid-January.

The Japanese real estate company, Tokyu Land Corporation, plans to make a Deutsche-Mark private placement by way of a DM70m convertible bond.

Negotiations are currently under way with Berliner Handels und Frankfurter Bank on the issue, scheduled for February. Proceeds will be used for urban development and construction.

The international bond markets were quiet yesterday in dull year-end trading, with little price movement in the main sectors. Technical balance-sheet dressing in the dollar straight market tended to offset the impact of the weakening American currency.

Continental Telephone acquires stake in WUI

BY OUR OWN CORRESPONDENT

NEW YORK — Continental Telephone, one of the major U.S. telephone companies independent of the giant American Telephone and Telegraph which monopolises the market, has bought 7 per cent of the equity of WUI Incorporated, whose main subsidiary is Western Union International. WUI was split off from Western Union Corporation in 1943. The latter company is an independent company operating domestically in the U.S.

Western Union International competes with RCA and International Telephone and Telegraph in the international telex and cable business. Continental Telephone has filed forms with the Securities and Exchange Commission saying that it plans to purchase up to 20 per cent of the WUI equity, and says that it does not rule out a full takeover bid.

WUI shares, which are now quoted on the New York Stock Exchange, were suspended yesterday at $28¼, which puts a market value on the company's 5.5m units of stock of $148m.

Last year, WUI reported operating revenues of $112m and net income of just over $10m.

Continental Telephone had sales revenues last year of $753m and net income of $76.3m.

Montreal bank deal next month

BY OUR OWN CORRESPONDENT

MONTREAL — The Bank of Montreal expects to complete negotiations for the purchase of 89 retail banking branches in New York from Bankers Trust in January. The offices have assets of about U.S.$1bn or about 4 per cent of the total assets of Bankers Trust New York Corporation, the parent bank holding company of Bankers Trust.

The price and method of payment have yet to be finally settled, Bank of Montreal, but much of the work required for the regulatory process has been done.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on December 27

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Agt. Akt. 9⅞ 88	25	94½	95	−0¼	0	10.12
Australia 8.45 83	175	95¾	96¼	−0½	−0⅛	9.36
Australia 9¼ 83	75	97⅜	97⅞	−0⅛	−0⅛	9.65
Beatrice Foods 7⅞ 83	100	93¼	93¾	−0⅛	−0⅛	8.83
CECA 9⅛ 87	50	94	94½	0	−0⅛	9.76
CECA 9 93	25	95¼	95¾	−0⅛	0	9.45
CECA 9¼ 98	25	98¼	98¾	−0¼	0	9.41
CNT 9 93	75	94⅝	94⅞	−0⅛	−0⅛	9.70
Canada 9 83	250	94	94½	−0⅛	−0⅛	9.91
Canada 8.20 85	250	93¼	93⅝	−0⅛	−0⅛	9.78
Canada 9⅛ 98	250	92¾	93	+0⅛	+0¼	9.89
Canada 9 83	400	97	97½	−0⅛	−0⅛	9.96
Canada 9¼ 98	350	97⅜	97⅞	−0⅛	−0⅛	9.74
Canadair 8½ 83	70	94⅛	94⅝	−1	−0⅛	10.10
Dominion Bridge 9 85	25	93¼	93¾	−0⅛	−0⅛	10.27
EIB 9⅛ 98	125	96⅛	96⅝	−0⅛	−0⅛	9.76
Eksportfinans 9 86	50	95⅛	95⅝	−0⅛	−0⅛	9.77
Finland 9⅛ 83	100	95¼	95¾	−0⅛	−0⅛	10.16
Finland 9 88	100	94⅝	95⅛	−0⅛	−0⅛	10.05
Hospital O/S 9 83	25	96⅞	97⅜	−0⅛	0	9.87
Ital Finance 9⅛ 90	20	91½	91⅞	−0½	−0½	11.34
J. C. Penney 8⅞ 83	100	95½	96	−0¼	0	9.66
Mac Bloedel 9⅛ 93	100	94⅞	95⅛	−1	−0⅛	9.89
NZ Dev. Fin. 9½ 83	20	93¼	93¾	−0¼	−0⅛	10.02
NZ Dev. Fin. 8⅞ 85	20	93	93½	−0⅛	−0⅛	9.82
Nat. West 9 86	75	96⅜	96⅞	−0⅛	−0½	9.63
Newfoundland 9¾ 90	50	96½	96⅞	−0⅛	−0⅛	9.77
Nord Inv. Bk. 8⅞ 88	25	95	95½	−0⅛	−0⅛	9.62
Norges Komm. 9¼ 98	75	95⅞	96⅜	−0⅛	−0⅛	9.78
Norsk Hydro 9¼ 94	50	96⅛	96⅝	−0⅛	−0⅛	9.72
Norway 7⅞ 83	250	92¾	93¼	−0⅛	+4⅛	9.91
Norway 8¾ 83	150	95⅝	96⅛	−0⅞	−0½	10.11
Occidental 8⅞ 85	75	92	92½	−0⅛	−0⅛	10.57
Ont. Hydro 8½ 85	125	93¼	93¾	−0⅛	−0⅛	9.29
Quebec Hydro 9½ 93	50	97	97½	−0⅛	−0⅛	9.85
Sweden 9⅝ 98	125	97	97½	−0⅛	−0⅛	9.78
UK 8½ 85	200	94¼	94¾	−1	−0⅛	9.88
UK 8⅞ 83	150	96⅛	96½	−0⅛	−0⅛	9.59

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	95⅞	96⅛	+0⅛	+0½	7.09
Asian Dev. Bank 5½ 88	100	92⅛	92⅝	−0⅛	+0⅛	6.59
Australia 6 88	250	101⅞	102	0	+0⅛	5.75
Austria 5½ 90	150	94½	95	+0¼	+0⅛	6.39
Bankamerica 5¾ 90	150	99¼	99¾	0	0	5.81
Bq. Ext. Algerie 7¾ 85	100	96⅝	97⅛	+0⅛	+0¼	7.83
CECA 6 88	150	96⅞	97⅜	+0⅛	+0⅛	6.38
Canada 4¾ 83	600	98⅛	98⅝	+0⅛	+0⅛	5.10
Ch. Manhattn. O/S 6 93	100	101½	102¼	+0⅛	0	5.80
Commerzbank WW 3½	100	103⅝	103⅞	−0⅛	−0⅛	3.07
Commerzbank XW 3½	100	82¾	83¼	−0¼	−0½	5.92
Copenhagen City 6 90	75	94⅝	95⅛	−0⅛	−0⅛	6.64
Council of Europe 6¼	100	98¾	99½	−0¼	−0⅛	6.24
Council of Europe 6½	130	97¼	98¼	0	−1¼	6.63
EIB 6 90	300	96⅛	96⅝	−0½	0	6.44
Elf Aquitaine 5¾ 88	100	93⅝	94⅛	−0⅛	−0⅛	6.14
Finland 6 83	150	98½	99	−0⅛	0	6.30
Hitachi Ship. 5⅞ 83	50	100⅝	101⅛	+0⅛	+0⅛	5.51
IBJ 5 84	100	99⅝	100⅛	−0⅛	−0⅛	5.06
Indonesia 7 84	100	97½	98	+0⅛	+0⅛	7.48
Kobe, City of 5¾ 86	100	99⅞	100⅜	−0½	+0⅛	5.70
Light Servicos de Elet.	150	96⅞	97⅜	+0⅛	+0⅛	7.26
Mexico 6 85	200	97⅞	98⅜	+0⅛	+0⅛	6.39
Mitsubishi Petro. 5¾ 85	100	100⅞	101⅜	+1⅛	+0⅞	5.52
Nippon Steel 5¾ 85	100	101⅝	102⅛	+1⅛	+1⅛	5.42
Norges Komm. 6 90	100	97⅜	97⅞	+0⅛	+0⅛	6.29
Norway 4⅞ 83	250	97	97½	+0⅛	+0½	5.10
Norwegn. Ind. Bk. 6 90	125	97⅜	97⅞	0	+0⅛	6.29
Occidental 6¾ 90	150	97⅝	98⅛	+0⅛	+0⅛	7.02
OKB 6½ 88	100	100⅞	101⅜	+0½	+0⅛	6.34
Petroleo Brazil 7 88	100	99	99½	+0⅛	+0⅛	7.10
PK Banken 5¾ 88	100	93½	94¼	0	+0⅛	6.64
Quebec, Prov. of 6 90	150	95½	96	−0⅛	−0¼	6.54
Ricoh 5⅞ 83	30	100⅝	101⅛	+0½	+0⅛	4.99
Spain 6 88	200	94⅝	95⅛	−0⅛	−0⅛	6.75
Statoil 6 88	150	98¼	99	0	+0⅛	6.19
UDS Group 5¾ 83	65	97½	98	+0⅛	0	6.31
Venezuela 6½ 90	150	94½	95	0	−0⅛	7.17
World Bank 6¼ 88	400	97⅞	98⅜	+0⅛	+0⅛	6.51

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5⅞ 88	40	103⅞	104⅜	+0¼	−0⅛	4.70
Amer. Exp. Int. 3½ 93	40	100¼	100½	+0½	+0¼	3.47
Arlberg Tunnel 4 93	40	100⅞	101⅜	+1	+1⅛	3.89
Austria 3½ 93	100	96½	97	+1	+0⅞	3.79
Brazil 4⅞	100	97¼	97¾	+0⅛	0	4.68
Chase Manhattan 4 93	70	105	105½	+1½	+1⅛	3.55
Bankamerica 3¾ 93	80	102½	103	+1⅛	+1½	3.51
BNDE 5 88	75	101½	102	+0½	+0½	4.75
Denmark 4½ 90	100	104⅝	104⅞	+0⅞	+1⅛	4.02
Denmark-Mortgage Bk.	80	102⅜	102⅞	−0⅛	−0⅛	4.20
EIB 4¾ 93	100	102	102½	+0⅛	+0⅛	4.04
Euratom 4¼ 93	80	102½	102⅞	+1⅛	+1½	4.02
F. L. Smidth 4½ 89	25	102¼	102¾	+0⅛	+0⅛	4.20
Finland 4½ 93	80	103¼	103½	+0¼	+0⅛	4.18
First Chicago 3½ 93	70	†98½	99	−1⅛	+0⅞	3.61
GZB 4½ 93	100	102⅝	102⅞	+0¼	+0¼	4.24
Hilti-Liechenstein 4⅞	25	104	104½	+0⅛	±0¼	3.88
ICI Fin. NV. 4⅛ 93	100	104⅛	104⅝	+0⅝	+0½	3.85
Malaysia 4¾ 90	80	†99½	100	−0⅞	−0½	4.78
Manitoba 4 93	100	†102½	103	+1	+1⅛	3.75
Nameg 4 93	70	†101½	102	+1⅛	+1	3.84
Norges Komm. 4¼ 90	100	103¼	103¾	+0½	+0½	3.89
OKB 4 93	80	101⅜	101⅞	+1⅛	+1⅞	3.86
Oy Nokia 5 90	20	103	103½	+0¼	−0⅛	4.63
Safe 4⅝ 93	30	102⅜	102⅞	+0⅛	+0½	4.00
Sandvik 4 90	85	102	102½	+0½	+0⅛	3.76
Seas 4½ 88	15	103⅞	104⅜	+0⅛	+0¼	3.98
Voest-Alpine 4½ 93	100	102⅝	102⅞	+0½	+0⅛	4.24
Vorarlberg Kraft 4 93	30	101⅞	102⅜	+0⅛	+0¼	3.80
Vienna 4 93	100	101¼	101½	+0⅝	+0⅛	3.87
World Bank 4¾ 93	250	102½	102⅞	+0½	+0½	4.01

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5⅝ 88	15	96⅞	97⅜	+0⅛	+0⅛	6.20
BFCE 6.4 90	30	95⅜	95⅞	0	−0⅛	7.10
Eurofima 6.3 90	10	96¼	96¾	−0⅛	−0⅛	6.85
Norway 5.7 83	25	100⅝	101⅛	0	0	5.44
SNCF 6.6 90	20	96⅝	97⅛	0	0	7.09
Sweden 6.3 90	40	95	95½	0	0	7.01

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold 11½ A$	12	†95½	96	0	+0¼	12.74
Auto Cote B. 7 93 EUA	16	94½	95½	−0¼	0	7.54
Copenhagen 7 93 EUA	30	94¼	95¼	−0⅛	0	7.65
Finland Ind. 7 93 EUA	15	96⅛	96⅝	−0½	−0½	7.50
Komm. Inst 7½ 93 EUA	15	97½	98½	−0⅛	−0½	7.73
Panama 8½ 93 EUA	20	95⅞	96⅞	−0⅛	−0⅛	8.69
SDR France 7 93 EUA	[illegible]	96⅛	97⅛	−0⅛	−0⅛	7.35
Algemene Bk 6½ 83 Fl	75	91½	92½	+0⅛	+0⅛	[illegible]
Brazil 7½ 83 Fl	75	94	94½	+0⅛	+0⅛	9.06
CFE Mexico 7¼ 83 Fl	75	96⅝	97⅛	0	+0⅛	8.48
EIB 7¼ 85 Fl	75	93½	94¼	+0⅛	+0⅛	8.47
Neder Midd. 6½ 83 Fl	75	93¼	94¼	+0½	+0½	8.19
New Zealand 6¾ 84 Fl	75	91⅞	92⅞	+0⅛	+0⅛	8.59
Norway 6½ 83 Fl	100	92½	93¼	+0⅛	0	8.65
OKB 6½ 85 Fl	75	90	90½	+0⅛	+0⅛	8.60
Elf Aquitaine 9¾ 88 FFr	150	98⅛	98⅝	−0⅛	−0⅛	10.01
EIB 9¾ 88 FFr	200	98¼	98¾	−0⅛	−0¼	10.00
Unilever 10 85 FFr	100	100¼	101	0	+0⅛	9.86
BAT 8 88 LuxFr	250	95¾	96¾	0	0	8.60
Bayer Lux 8 86 LuxFr	250	95¾	96¾	0	0	8.75
EIB 7¾ 88 LuxFr	250	95½	96½	+0⅛	+0⅛	8.42
Finland I. Fd 8 88 LuxFr	250	95½	96½	0	0	[illegible]
Norway 7¾ 83 LuxFr	250	96½	97½	−0¼	−0¼	8.61
Renault 7¾ 88 LuxFr	500	97	98	−0⅛	+0⅛	8.12
Solvay Fin 8 85 LuxFr	500	100⅛	101⅛	−0⅛	−0⅛	7.87
Swedish Bk 8 88 LuxFr	500	99	100	0	0	8.07
Gestetner BV 11 88 £	10	89	90	+0⅛	+0⅛	12.87
Whitbread 10½ 90 £	15	85¼	86¼	+0⅛	0	12.94

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
American Express 82	0¼	98⅞	99⅛	20/4	10¼	10.72
Arab Intl. Bk. M6.5 83	0⅝	95¾	96¼	31/1	9⅜	9.77
B. El Salvador M8 83	1½	96⅝	97⅛	12/4	11.31	11.66
B. Nac. Argent M8 83	0¼	96⅞	97⅜	21/1	9⅛	9.65
Bank Handlowy M8 88	1⅛	97⅛	97⅝	25/11	12.94	13.29
Bk. of Tokyo M5½ 93	0⅛	96⅝	97⅛	18/4	10⅛	10.84
Banque Worms M5¼ 85	0¼	98⅛	98⅝	15/6	12	12.20
Bq Ext. d'Alg. M8.375 84	0¼	96¼	96¾	9/2	9⅛	9.97
Bq. Ext. d'Alg. M7.5 85	0⅝	95½	96	2/5	12¾	13.33
Bq. Indo et Suez M5½	0¼	97¾	98¼	25/1	9⅛	9.55
Bq. Afr. Occ. M6.5 83	0¼	97	97½	12/1	9⅜	9.64
CCCE M5.25 98	0¼	97⅛	97⅝	3/2	9.19	9.44
CCF M5¾ 85	0¼	99¼	99¾	3/5	12¼	12.31
Ch. Man. O/S M5¼ 93	0⅛	97⅜	97⅞	27/1	9.31	9.54
Credit National M5¼ 88	0⅛	97¾	98¼	11/1	9.19	9.39
Gotabanken M6 88	0¼	97½	98	15/5	12.31	12.60
Ind. Bk. Japan M5½ 85	0¼	98⅞	99⅛	1/6	12.35	12.46
Ishikawajima M5¾ 85	0¼	97½	98	27/4	11⅛	11.51
Ljubljanska M7.75 85	1	96	96½	19/1	10¼	10.64
LTCB Japan M5¼ 85	0⅛	98⅜	98⅞	9/5	12.06	12.23
Midland Intl. M5½ 93	0¼	97½	98	20/1	9.44	9.66
Nat. West. M5½ 90	0¼	97¾	98¼	21/6	12½	12.76
OKB M5¾ 88	0⅛	99⅜	99⅞	18/4	10.56	10.60
Offshore Mining 86	0⅛	98¼	98¾	19/1	9.44	9.59
Privredna Banka M8 86	0⅞	95¾	96¼	22/12	—	—
Stand. Chart. M5.5 90	0¼	96⅝	97⅛	10/2	8.94	9.23
Sundsvallsbnkn. M6 85	0¼	96½	97	4/4	10.06	10.40
Utd. Overs's Bk. M6 93	0¼	98½	99	4/6	12.31	12.47

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5⅝ 93	9/78	628	91¼	92¾	−10¼	0.58
Baker Int. Fin. 6½ 93	1/79	34	†102	103	+0⅛	8.06
Boots 6¾ 93	2/79	2.16	92¾	93¼	+0¼	−1.10
Coca-Cola Bottling 6⅞	4/79	9	89	90⅝	+0⅛	24.10
Ito-Yokado 5¾ 93	6/78	1473	129½	130½	0	0.52
Novo Industri 7 89	4/79	259	89¾	91¼	−0¼	3.20
Texas Int. Air. 7½ 93	4/79	14.5	†88	89	+0⅞	10.34
Thorn Int. Fin. 7 88	11/78	3.67	102¾	103¾	+1⅛	−3.58
Tyco Int. Fin. 8½ 88	9/78	21	†98	99	−0½	17.33
Tyco Int. Fin. 5 84	5/78	61.5	†75	76	−0½	163.37
Asahi Optical 3½ DM	12/78	588	90⅞	91⅞	−0⅛	5.78
Casio Cp. 3½ 85 DM	11/78	841	101⅛	102⅛	0	7.81
Izumiya 3½ 86 DM	10/78	989	94	95	−1⅛	5.95
Jusco 3½ 86 DM	1/79	1270	91¼	92¼	−3	8.63
Konishrku 3⅛ 85 DM	1/79	612	*90⅜	91½	+0⅛	3.69
Marudai Food 3½ DM	2/79	1033	98¼	99¼	−0½	16.76
Murata M. 3½ 86 DM	11/78	854	94	94½	−1⅛	−9.16
Nipp. Air. 3.5 88 DM	12/78	508	90½	91½	−0½	5.68
Nippon Shinpn. 3⅛ DM	8/78	738	112⅛	113⅛	−1	6.59
Nippon Ysn. 3½ 85 DM	1/79	251	95⅜	96⅜	−0¼	4.59
Nissan Diesl. 3½ 86 DM	2/79	477	94	95	−0¼	8.92
Olymp. Opt. 3½ 85 DM	2/79	703	96¼	97	0	−4.75
Ricoh 3½ 86 DM	10/78	617	100¼	101¼	−0⅛	12.93
Sankyo Elec. 3¾ DM	8/78	969	109⅞	110⅞	+0⅛	8.04
Sanyo Electric 3½ DM	11/78	295	89¼	90¼	−0½	10.48
Seiyu Strs. 3¾ 86 DM	9/78	1275	112½	113½	+0½	−1.78
Sharp Co. 3½ 88 DM	2/79	487	91⅛	92⅛	−2	−1.68
Stanley Elec. 3½ DM	11/78	623	93	94	−0¼	15.51
Tokyo Elec. 3½ 87 DM	4/79	476	96⅛	97⅛	+0¼	3.10
Trio Knwd. 3½ 86 DM	11/78	711	85½	86½	−3⅛	18.91

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date for conversion into shares. Cnv. price=*Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue.* Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Toshiba sees recovery in electrical sector

TOKYO — Toshiba Corporation, the electrical appliance and machinery concern, said it predicted net profit in the year ended next March 31 at Y18bn ($92.8m) against Y2.36bn in the previous year, on estimated sales of Y1.73 trillion (million million) ($8.9bn) against Y1.50 trillion.

The company earlier reported net profit for the first half ended September 30 of Y9.12bn against Y134b a year ago. First half sales rose to Y846.32bn ($4.4bn) from Y736.58bn.

The company attributed the recovery chiefly to good performances in the divisions of electric home appliances, including air conditioners, refrigerators, communications equipment, electronic devices and computers.

Exports of heavy electrical machinery slowed due to the Yen's appreciation against the dollar, it added.

The company also said that subsidiaries and affiliates, which suffered deficits totalling Y3.5bn last year, produced Y4.5bn profit this year. This follows structural reforms including severing loss-making divisions and merging affiliated group companies.

Reuter

● Mitsubishi Electric Corporation also predicted an increase of nearly 53 per cent in net profit to nearly Y19bn ($98m) in the current year ended next March 31, against Y12.4bn last year. The company said that it expected second-half consolidated sales to rise 10 per cent over the earlier reported first half's Y467.36bn, which was 11.3 per cent higher than the same year ago period.

Debenture plan by Matsushita

By Richard C. Hanson

TOKYO—Matsushita Electric Industrial plans to become the first Japanese company to issue unsecured convertible debentures in Japan. It said it would like to float Y50bn ($256m) of debentures next spring, but that approval would be required from the Finance Ministry.

The practice of securing company bonds through a bank guarantee dates back to the 1930s, when many companies failed as a result of world-wide economic depression. There are no specific regulations requiring such guarantees. Banks, which collect a sizeable fee for the guarantee, have generally opposed any changes in the system. The Finance Ministry has, however, softened its resistance.

It is expected that Sears, Roebuck of the U.S. will become the first foreign company to issue unsecured yen bonds in Japan. The completion of those plans will open the door for top-rated Japanese companies to do the same.

Volume of Amman SE trading will top $17.5m in first year

BY RAMI G. KHOURI

AMMAN — The total volume of trading in the first full year of operations of the Amman Stock Exchange will go over JD5.8m ($17.5m) with 2.4m shares changing hands during the past year, Dr. Hashem Sabbagh, the Amman S.E. chairman and general manager, has forecast.

While relatively small, compared to trading on other markets, the volume of the Amman Exchange has nevertheless been right on target, according to projections made before it opened its doors last January, Dr. Sabbagh said. He expected an increase in total turnover of 30 per cent for next year.

This will be accounted for in part by the listing and trading of the Government's 10-year development bonds, which previously holders have either held until maturity or sold back to the central bank at par value, due to the absence of a secondary market.

Private corporate bonds will also enter the market place, after a royal decree has been issued providing them with the same tax exemptions on interest earned as the state's development bonds now enjoy. Corporate bonds have never been floated here.

A total of 68 companies are now listed on the Amman Stock Exchange, with a total authorised capital of $640m and a paid up capital of $390m. Altogether 179,000 shareholders account for the total of 63.5m shares, whose market value today is $770m.

Keen demand for Jordan's first CDs

BY OUR OWN CORRESPONDENT

AMMAN—The range of monetary instruments available to investors in Jordan's traditionally dull financial sector has grown considerably with the introduction of certificates of deposit into the market this week and the expected development of a corporate bond market within the coming months.

Citibank of the United States, which has operated a branch here for four years, started issuing Jordanian dinar denominated certificates of deposit this week, with insurance companies stepping forward as the first buyers.

These one, three, six and 12-month bearer CDs will be listed and traded on the one-year old Amman Stock Exchange.

Mr. Zuhair Khouri, chairman of the semi-state Jordanian *Housing Bank, said that his* bank is also preparing to issue CDs in the coming months, as well as a seven-year bond issue worth JD5m (about $15m). Both the CDs and bonds would be traded on the Amman Stock Exchange, and the Housing Bank's bonds may be the first to benefit from a new law, to be promulgated by Royal decree shortly, providing corporate bonds with the same tax exemption of earned interest as is now *enjoyed exclusively by the* central bank's development bonds.

KLK plantation group achieves record year

BY WONG SULONG

KUALA LUMPUR — Despite the effects of the drought, which severely affected production in most Malaysian plantations, Kuala Lumpur-Kepong, the fourth largest plantation group, yesterday announced it had achieved record profits for the year ended September 30. Pre-tax profits were 45.7m ringgits, (U.S.$20.8m) compared with 4.16m ringgits the previous year.

In its interim report, KLK said there was "an even chance" of matching the record profit of the previous year, but as it turned out, the profits were 10 per cent higher.

This was largely due to the fact that KLK had not suffered as severely as other plantation companies from the effects of the drought early this year, and partly because the group had managed to get more favourable prices for its produce.

Rubber output, at 16,118 tonnes was only 7.6 per cent lower than the year before. A similar trend in oil palm production was offset by a 9 per cent increase in the harvesting acreage with the result that output rose by 5 per cent to 68,436 tonnes.

The impressive profits were also attributed to the substantial income from interest (8.4m ringgits) and the sharp reduction in interest charges.

KLK says that given prevailing prices, it expects an even better year ahead because of an expected sharp increase in output as large areas of its oil palm estates reach maturity and peak production.

Earlier, Batu Kawan Berhad, the large Malaysian plantation and investment group, announced the issue of 15m new shares which would be sold to Malay institutional investors as part of its programme to conform with the Government's new economic policy.

The new shares of one ringgit each would be sold at 1.1 ringgits per share through private placement. Batu Kawan shares closed at 1.68 ringgits on the Kuala Lumpur stock exchange on Tuesday.

The company said that with the issue of the new shares, its issued capital would be increased to 114.3m ringgits of which 13.3 per cent would be directly owned by Malays.

In addition, a further 14.5 per cent of the company's issued capital is held by the Island and Peninsula Group which is controlled by the Government-sponsored Pernas Organisation.

Batu Kawan said it should be able to pay a dividend of not less than 12.5 per cent on its enlarged capital for the current year ended August 1979.

Heavy loss by Intl. Harvester Australia

By James Forth

SYDNEY—International Harvester Australia, agricultural machinery makers, incurred a loss of A$3.49m (U.S.$4m) in the year to October 31, a turnaround of A$10m for the year. In 1976-77 the company posted a record profit of A$6.47m (U.S.$7.4m).

International Harvester is the second agricultural machinery group within the past week to report heavy losses for 1977-78. Massey-Ferguson Holdings (Australia) registered a deficit of A$6.34m, reflecting the depressed rural conditions and intense competition.

Like Massey-Ferguson, however, the directors of International Harvester are confident that the current year will see a "substantially better" result. Mr. D. N. Upshaw, the chairman, said that the record wheat harvest forecast for the 1978 season should add confidence, and purchasing in the rural sector.

The group's order book for trucks in the current year was good, he added.

Referring to the 1978 loss, Mr. Upshaw said that the smaller market resulted in high discounting, factories operating below capacity and higher operating costs.

Sales for the year dipped 8.7 per cent, from A$238m (U.S.$255m) to A$222m.

Israeli power earnings fall

By L. Daniel

TEL AVIV — The Israeli Electric corporation, the country's main electricity producer, reported a drop in its net profits by 59.4 per cent to I£17m ($970,000) in the year ended March 31.

The IEC's income rose by 54.2 per cent in the year under review to I£4.35bn but operating expenses increased by 55 per cent to I£3.7mn (of which I£2.5bn were fuel costs), while financing expenses rose by 75 per cent to I£622m. Nevertheless, the corporation will maintain its annual 10 per cent gross cash dividend.

Frameworks set for securities borrowing

TOKYO — The Japanese finance ministry said it had notified 26 securities companies of their respective frameworks totalling $300m for borrowing foreign currency to hedge their holdings of foreign currency bonds.

The frameworks comprise $50m for Nomura Securities Company, $50m each for Nikko, Yamaichi and Daiwa Securities Companies, $10m each for New Japan, Merrill Lynch, Nippon Kangyo Kakumaru and Sanyo Securities Companies, and $30m for the remaining 18 securities companies.

The companies may start borrowing from next month, using their frameworks, it said.

Reuter

Wall Street retreats 7.4 in moderate activity

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—83¾% (83½%)

Effective $2.03070 43¼% (41¼%)

THE DETERIORATING Iranian situation, a weak dollar and worries over rising interest rates caused Wall Street to retreat yesterday in moderately active trading, bringing to an end the stockmarket's recent good rally.

The Dow Jones Industrial average, up 21 points over the past two business days, reacted 7.45 to 808.56. The NYSE All Common Index declined 46 cents to $53.90, while losses outpaced gains by 1,037 to 451. Trading volume came to 23.58m shares, exceeding Tuesday's total of 21.47m.

Analysts said the market also felt the influence of year-end tax selling and portfolio switching.

The U.S State Department said a continued shutdown of Iran's oil industry could lead to a critical shortage of fuels for Iranian home heating and industry. Oil production in Iran has fallen dramatically.

Textron stated yesterday that its Bell Helicopter division was notified by the Government of Iran to terminate work on its Iranian helicopter joint production programme.

The new industry-wide prime rate of 11¾ per cent, combined with the other influences, took its psychological toll, analysts noted, adding that investors are beginning to talk about a 12 per cent Prime Rate, matching the high set in 1974.

IBM was one of the most active NYSE issues and was down 6¾ at $302½. The issue jumped 14½ points on Tuesday and 19¾ last week following its dividend increase and proposed four-for-one stock split.

Teledyne fell 2¾ to $98¼. Xerox 1¾ to $53¼, and Control Data 1¾ to $34¼, while Schlumberger declined 2¾ to $94¾, Eastman Kodak 1¾ to $60¾ and Polaroid 1¾ to $51¼.

Continental Telephone were unchanged at $14½. The company has purchased 7.4 per cent of the 5,522,300 shares of WUI Common stock still outstanding, said WUI, which advanced 2½ to $26¾ before trading in its stock was halted.

Mobil Oil receded 1¼ to $63¾. The company and its partners are plugging and abandoning an exploratory well on block 544 of the Baltimore Canyon after tests indicated no significant quantities of hydrocarbons.

Raytheon hardened ¾ to $47 on raising its quarterly dividend to 40 cents a share from 30 cents.

UV Industries gained ¼ to $23¾. Sharon Steel, an 86 per cent-owned unit of NVF, has filed with the Securities and Exchange Commission to buy at least 10,000 additional shares of UV by January 19.

Dillingham climbed ¾ to $8¼. The company has sold an Australian subsidiary and as a result expects a year-end tax credit to raise 1978 operating net profits by 50 cents a share.

THE AMERICAN SE Market Value Index receded 1.45 to 150.08 in fairly busy trading. Volume 3.55m shares (3.03m.).

Sharon Steel gained ¾ to $20¾, but active Houston Oil lost 1¼ to $15¾. Resorts International "A" slipped ¾ to $26¾ and Amdahl declined $2 to $51¼.

Canada

After last week's strength, markets displayed an easier tendency yesterday in a light turnover, volume in Toronto amounting to only 1.9m shares, down from last Friday's 4.63m.

The Toronto Composite Index, following Friday's rise of 13.5, shed 2.7 to 1,295.6. Metals and Minerals came back 8.1 to 1,079.6, Oils and Gas 3.4 to 1,836.0 and Papers 0.16 to 154.57.

However, Banks improved 1.35 to 305.50, while the Golds index advanced 31.2 to 1,417.6 on small volume, with Dome Mines adding C$4 at C$90. Campbell Red Lake ¾ at C$35¾ and Pamour also ¼ at C$6¼.

Simpsons units, the most active Toronto stock, eased ¼ to C$7¼ on 130,348 shares. Simpsons lost 20 cents to C$2.40, but Simpsons-Sears "B" gained ¾ to C$7¾. Hudson's Bay, which is bidding for Simpsons, put on ¼ to C$20¾.

Inco "A" lost ¼ to C$18¾ and Bank of Montreal ¼ to C$25¼.

Tokyo

Shares continued to strengthen in very active trading on widespread buying. The Nikkei-Dow Jones Average moved ahead 53.48 further to 5,979.08, while the Tokyo SE index finished 3.55 higher at 447.35. Volume reached 350m shares.

Steels, Heavy Electricals and Communication Equipment issues led the market forward, buoyed by buying orders from institutional investors and Investment Trusts.

Precision Instruments, Vehicles and Electrical Appliances were bought selectively, while Foods and Chemicals were higher. Cotton and Synthetic Textiles were also favoured.

Nippon Steel rose Y3 to Y137, Hitachi Y7 to Y265, Canon Y16 to Y481, Toyo Kogyo Y13 to Y375, Sony Y80 to Y1,670 and TDK Electronics Y120 to Y1,900, while Tokyo Sanyo climbed Y22 to Y342, Tokyo Electric Power Y20 to Y1,080 and Casio Y13 to Y886.

However, Nippon Kogaku, Sankyo Seiki and Tohoku Metal lost ground.

Germany

Bourse prices drifted easier in listless trading, reflecting lack of interest. The Commerzbank index declined 3.0 to 816.6.

Among Stores, Neckermann lost DM 3.50 and Kaufhof DM 3, while Motors had Volkswagen down DM 2.20 and Daimler Benz off DM 1.50. Deutsche Bank receded DM 2 and Bayerische Vereinsbank DM 3.40. Bayer shed DM 1.70 in Chemicals. Elsewhere, Metallgesellschaft receded DM 2.80 but Krupp was a firm exception, rising DM 2.

Dealers said trading was expected to remain uneventful today, while West German stock markets will be closed tomorrow.

Public Authority Bonds registered losses extending to 45 pfennigs but also some gains ranging to 15 pfennigs. The Regulating Authorities sold a nominal DM 3.1m of paper, compared with sales of DM 13.2m last Friday. Mark Foreign Loans were little changed.

Paris

Stocks were lower across the board in a fairly active business despite news that French retail prices rose only 0.5 per cent in November against a rise of 0.9 per cent in October.

Banks, Foods, Metals, Chemicals and Stores were the weakest sectors.

Losses of more than 3 per cent were recorded by Codetel, BSN, Gascogne, Radar, Michelin, Perrier, Nouvelle Galeries, Printemps, Prenatal, Saulnes, Sacilor, Belon, Gle-Eaux and Application-Gaz.

Australia

Stocks were again inclined to move ahead, with the Sydney All Ordinary index rising 2.92 more to 540.89.

Market leader BHP advanced 18 cents to A$8.98, still responding to last week's report of the Fortescue three oil discovery.

In the Oils sector, Beach Petroleum put on 2 cents to 61 cents.

Among Banks, CBA gained 4 cents to A$2.54, while Property Developer Westfield added 10 cents more at A$8.60. In Stores, Myers Emporium firmed 3 cents to A$1.74, while elsewhere, Carlton United Brewery hardened 2 cents to A$1.65 and CSR 5 cents to A$3.30.

The Coal Minings sector had Thiess 4 cents up and Utah 5 cents firmer, while Oakbridge put on 3 cents to A$1.65.

Among companies engaged in diamond exploration, CRA stood out with an advance of 10 cents at A$3.60, while Spargos Exploration gained 2 cents at 28 cents.

In Uraniums, however, Pancontinental receded 20 cents to A$9.60.

Hong Kong

Market turned easier in idle trading conditions, leaving the Hang Seng index 7.66 down at 503.70.

Concern about the possible effects on world stock markets of developments in Iran and a broker's circular forecasting a significant rise in Hong Kong interest rates were factors undermining sentiment.

Among Blue Chips, Hongkong Bank lost 30 cents to HK$17.70, Hong Kong Land 15 cents to HK$7.80 and Jardine Matheson 20 cents to HK$11.90.

Hong Kong Electric retracted 15 cents to HK$5.60, Hong Kong Telephone 30 cents to HK$27.10 and Hong Kong Wharf 80 cents to HK$25.80.

Rubber Trust lost 10 cents to HK$4.70 in line with the general trend but also following Schroders and Chartered's disclosure of its Rubber Trust share purchases.

Jardine Securities eased 5 cents to HK$5.85 and East Asia Navigation 10 cents to HK$4.55.

Johannesburg

Gold shares were modestly firmer in quiet dealings.

Mining Financials and other Metals were mainly very quiet. Messina, in Coppers, gained 3 cents to R1.25, while in Diamonds, De Beers featured with an advance of 18 cents to R8.23.

Industrials tended higher in a thin trade, with AMIC improving 10 cents to R12.00 and Rembrandt Group 12 cents to R3.85.

Amsterdam

The market closed on a mixed note after slow trading.

Dutch Internationals, however, were generally lower on a decline in the U.S. dollar, with Unilever losing Fl 0.60 and Royal Dutch Fl 1.40.

Elsewhere, KLM receded Fl 3 and Van Ommeren Fl 1.50, but Pakhoed put on Fl 1.10 and Algemene Bank Fl 1.

State Loans generally hardened.

Brussels

Shares displayed a firmer tendency, although Steels were out of favour, Hainaut-Sambre losing 20 to BFr 734.

Non-Ferrous Metals had Hoboken up 35 at BFr 2,505. Chemicals also performed well, with Gevaert closing 24 up at BFr 1,430. Among Holdings issues, Copeba improved 36 to BFr 1,058. Oils were strong, Petrofina rising 40 to BFr 3,230.

Switzerland

Firmer-inclined following moderate activity.

NEW YORK

† Bid. ‡ Asked. § Traded. ‖ New stock.

CANADA

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

JOHANNESBURG

WEDNESDAY'S ACTIVE STOCKS

GERMANY ♦

TOKYO ¶

Source Nikko Securities, Tokyo

AUSTRALIA

BRAZIL

OSLO

JOHANNESBURG

PARIS

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ♦

COPENHAGEN ♦

MILAN

VIENNA

STOCKHOLM

SPAIN ▼

Securities Rand U.S.$0.65 (Discount of 43.5%)

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 942

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Banks Ltd.	12½%
Amro Bank	12½%
American Express Bk.	12½%
A P Bank Ltd.	12½%
Henry Ansbacher	12½%
Associates Cap. Corp.	12½%
Banco de Bilbao	12½%
Bank of Credit & Cmce.	12½%
Bank of Cyprus	12½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone et de la Tamise S.A.	13 %
Barclays Bank	12½%
Barnett Christie Ltd.	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
Canada Perm't Trust	12½%
Cayzer Ltd.	12½%
Cedar Holdings	12½%
■ Charterhouse Japhet	12½%
Choulartons	12½%
C. E. Coates	12½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Securities	12½%
Crédit Lyonnais	12½%
Duncan Lawrie	12½%
The Cyprus Popular Bk.	12½%
Eagil Trust	12½%
English Transcont.	12½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	12½%
Greyhound Guaranty	12½%
Grindlays Bank	12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Julian S. Hodge	13½%
Hongkong & Shanghai	12½%
Industrial Bk. of Scot.	12½%
Keyser Ullmann	12½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	12½%
London Mercantile	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Rossminster	12½%
Royal Bk. Canada Trust	12½%
Schlesinger Limited	12½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	13½%
Shenley Trust	14 %
Standard Chartered	12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
Twentieth Century Bk.	13½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13 %
Williams & Glyn's	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10½%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½% and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

هكذا من الأصل

COMMODITIES, RAW MATERIALS and AGRICULTURE

U.S. cotton output rise encouraged

WASHINGTON — U.S. cotton farmers will not have to set aside, or divert, acreage from the 1979 crop to be eligible for the price support payments, the U.S. Agriculture Department said yesterday.

The Department said the final target price for the 1979 upland cotton crop will be announced later. But based on December 1 estimates of yield and production, the target price would be 57.7 cents per pound compared with 52 cents for the 1978 crop.

Rupert Cutler, acting secretary of agriculture, pointed out that cotton stocks next August 1 are expected to be no higher than 4.6m bales and a stock level of about 4.5m bales is generally considered desirable.

U.S. consumption has improved in recent months and export demand remains strong and is expected to remain so in 1979-80 due to relatively low overseas stocks, he added.

A set-aside or diversion programme, coupled with bad weather, could result in tight supplies and further reduction in cotton supplies, resulting in higher prices and a reduction in cotton use in the long term.
Reuter

SWISS CUT PRICE OF CHOCOLATE

BERNE — Swiss chocolate makers are cutting the cost of chocolate next month because the costs of imported cocoa stablised during 1978.

The Swiss Chocolate Industry Convention, comprising the country's leading manufacturers, said in a statement there had been a slight easing of raw material costs since the unprecedented increase in 1977.

In Accra, the Ghana Cocoa Marketing Board said purchases in the eleventh and twelfth weeks of the 1978/79 season ending December 21 and 28 were 16,948 and 14,920 tonnes respectively.

This brings the cumulative total so far this season to 194,225 tonnes.

INDIAN JUTE STRIKE THREAT

NEW DELHI — Trade unions in West Bengal's jute industry confirmed their intention to stage an indefinite strike from January 5.

Meetings between union leaders and representatives of the Indian Jute Mills Association (IJMA) failed to produce a settlement.
Reuter

Lead prices jump after fire hits German refinery

BY JOHN EDWARDS, COMMODITIES EDITOR

LEAD PRICES jumped on the London Metal Exchange yesterday following news of a fire closing down a big lead refiner owned by Metallgesellschaft in West Germany.

Cash lead gained £12.25 to £442 a tonne, only just below the all-time peak of £443 reached at the beginning of the month.

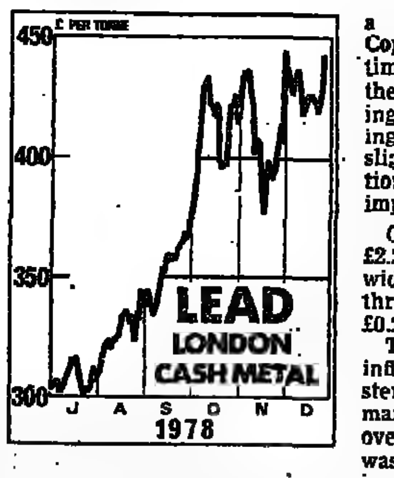
A spokesman for Metallgesellschaft said a fire over the Christmas holiday had halted production at the company's Binsfeld Hammer lead refining plant near Aachen. Production is planned to resume in mid-January but only after extensive plant reconstruction.

The plant has an annual production capacity of 120,000 tonnes of lead.

This setback to a major lead refining plant could hardly have come at a worst time for the market. Several smelters have already been forced to close down temporarily, and operate below capacity, because of a shortage of concentrates.

There is a shortage of good quality brands, and LME warehouse stocks have fallen sharply this year from a peak of 69,450 in February to the present total of only 16,025 tonnes—the lowest level since November 1974.

Yesterday's stocks fall of 450 tonnes was, however, in line with expectations and was com-



pletely overshadowed by the Metallgesellschaft fire.

So was news that Asarco's Glover plant in Missouri apparently resumed operations over the weekend after the furnace had been shut down last week for the third time this month.

At these high prices it can be expected that fresh supplies, particularly of scrap lead, will be attracted to the market. But scrap production is at a low ebb at present, and there is also the possibility of the Soviet Union and Japan resuming buying after their recent withdrawal from the market.

Other metals resumed trading after the Christmas holiday on a much more subdued note. Copper stocks rose for the first time since November. However, the rise of 2,375 tonnes increasing total LME warehouse holdings to 376,375 tonnes was only slightly above market expectations and, therefore, had little impact on prices.

Cash wirebars closed only £2.25 down at £774.5 a tonne, widening the gap again with the three-month quotation that lost £0.25 to £787.

Tin prices fell fainly on the influence of the stronger tone of sterling. Although the Penang market was marginally higher over the holiday period, the rise was more than offset by the increased value of the £.

As expected stocks of tin were slightly down, falling by 60 tinnes to a total of 1,625 tonnes. Standard grade cash tin closed £85 lower at £6,842.5 a tonnes, £90 above the three months quotation that fell £72.5 to £6,752.5 a tonnes.

Zinc was boosted by the rise in lead and the cash price gained £5.75 to £348.5 a tonne. This was despite a rise of 3,225 tonnes in stocks raising total holdings to 70,725 tonnes.

It was confirmed yesterday that trading in cash aluminium futures will start tomorrow, when the first stocks figures will be issued. According to Reuter, trade sources estimate present holdings at around 5,000 tonnes.

Call for tax on livestock exports

By Our Commodities Staff

THE MEAT and Livestock Commission has made a renewed attempt to boost its income, asking the Government to double the levy farmers pay on sheep slaughterings and to authorise the collection of a levy on all exports of livestock.

It is estimated that doubling the sheep levy from 8p to 16p a head would bring in about £960,000 extra income for the commission, although half would have to go for sales promotion and advertising.

A levy on exports of cattle, sheep and pigs would earn about £50,000 a year for the commission, which acts as the meat industry's main advisory and market monitoring service.

The MLC made the application to the Government after meetings with representatives from all sides of the industry. Only a few are happy with the proposals and considerable opposition is expected.

The National Farmers' Union, for example, is believed to accept that some increase is needed but says doubling the sheep levy is too big a step.

Other sectors of the industry are happy to approve any increases for promotion but fiercely oppose any help for the MLC's main services.

Mr. Wally Johnstone, the chairman, warned recently that the commission was heading for a £500,000 deficit this year. While it might be able to stand such losses for one year, the organisation would not be able to tolerate any repetition.

BRAZIL COFFEE DEMAND DOWN

RIO DE JANEIRO — The Brazilian coffee roasting and grinding industry association, ABIC, said it estimates domestic coffee consumption in 1978 fell to around 6.8m 60-kilo bags from 7m in 1977.

Walter Pierrot, association president, said the decline was a little surprising since there had been no retail price increase so far this year. The association was hoping for a rise to about 7.5m bags.

NZ DAIRY INDUSTRY

Australian threat to cheese trade

BY DAI HAYWARD

DESPITE strenuous efforts to find new customers for its cheese, New Zealand has still not made up for the loss of the British Market.

Now it is worried that Australian policy could upset the international cheese market and further hit New Zealand's important industry.

The UK used to take 73,000 tonnes of New Zealand cheese. From 1973 this was reduced by 15,000 tonnes a year until 1978 when no NZ cheese at all was permitted into Britain. None will go in 1979 either, although current trade negotiations may provide limited access.

New Zealand cheese production is now restricted. Factories are not allowed to manufacture to their former capacity because no alternative market has yet been found for all the cheese sales lost to Britain.

The NZ Dairy Board has *waged a vigorous campaign in all international markets to win* new sales during the past five years. As a result it has increased exports to other markets by 35,000 tonnes.

It has also persuaded New Zealanders to eat more cheese, boosting home consumption by 73 per cent and putting an additional 10,000 tonnes on the New Zealand market. This still leaves a shortfall of 25,000 tonnes which obviously affected the profitability of the industry.

The manufacturing restriction has been costly for New Zealand. Now the dairy industry is alarmed at efforts in Australia to place a $A200 per tonne duty on cheese imports. This would further hit New Zealand.

The Dairy Board is concerned that Australia is now emulating the EEC and believes its action could have a similar disastrous effect on the international cheese market. The Board would like the Australians to consider a joint international marketing policy for cheese.

Competition

The international cheese trade is about 500,000 tonnes a year. Industrialised countries of the northern hemisphere take 350,000 tonnes of this but have *restrictions on imports.*

This leaves a market for between 100,000 and 150,000 tonnes a year for open competition among the cheese producing countries.

Much of the demand is for varieties of cheese not yet made in any volume in New Zealand or Australia. This means a large proportion of Australian and New Zealand exports is compressed into a narrow sector where prices are highly vulnerable to even modest increases in supply. New Zealand is concerned that Australian policy will upset these markets and both countries will suffer.

The NZ board has suggested the Australian government should review its present support system where domestic prices for Australian cheese are set high to finance lower priced exports. Cheese manufacture in Australia is encouraged and the NZ Dairy board believes this creates a dangerous situation for the cheese exports of both countries.

It could even lead to a collapse of international cheese prices say New Zealand's dairy industry leaders.

"By fostering production and inhibiting consumption the Australian policy threatens a serious spill-over of Australian cheese into a very restricted international market. This could lead to a collapse in *prices causing serious damage* to the NZ cheese industry which is dependent almost entirely on exports," says the NZ dairy board.

NZ has been making its views known to Australian government officials and also stressing how an industry vital to NZ's economy, which has still not recovered from its expulsion from the British market, cannot afford any further restrictions on sales to Australia.

U.S. wheat plantings increase

BY OUR COMMODITIES STAFF

AMERICAN FARMERS boosted plantings of winter wheat this year by 8 per cent and could produce a crop 15 per cent bigger than last season, according to the U.S. Department of Agriculture.

The Department said plantings of winter wheat in the U.S. rose to 51.5m acres this autumn, compared with 47.7m last year. It forecast that average yields would rise to 28 bushels an acre against the poor yield of 26.2 a year ago and as a result the crop would rise to 1.44bn bushels. Winter wheat accounts for about 75 per cent of total U.S. wheat production.

The eventual size of the crop is dependent on weather conditions in the next six months. But the Department said that on December 1 the crop was in "fair to good" condition, and the increased plantings should mean a bigger harvest.

The rise in plantings has been encouraged by higher prices, despite the huge world surplus of wheat. The U.S. Government's reserve programme enables farmers to store grain for up to three years, keeping it from depressing the market.

Average prices are currently at $3.05 a bushel compared with $2.46 a year ago.

Meanwhile Reuter reported from Hong Kong yesterday that China has harvested about 295m *tonnes of grain so far this year,* an increase of 10m tonnes above last year. The New China News Agency said the total figure fell short of the official target due to a severe drought.

It added that this year's production of cotton, oilseeds, jute, tea and tobacco was also higher.
8 ON 8½

In Manila it was announced the Philippines will have 280,000 tonnes of rice for export by the end of June next year.

Mr. Arturo Tanco, Agriculture Minister, said the exportable surplus will consist of nearly 140,000 tonnes carryover stock and nearly 130,000 tonnes from the current crop.

The surplus in the current production is despite crop devastation by a series of typhoons over rice-growing areas during the second-half of this year.

West Country farm incomes rise

BY OUR COMMODITIES STAFF

INCOMES ON West Country farms rose by more than 30 per cent last year while costs went up by only 10 per cent, according to the Exeter University agricultural economics unit.

In a sample of almost 300 farms, mostly in grassland and concentrating mainly on dairy production, net farm incomes increased from £100 to £131 a hectare during 1977-78. Net income is the sum providing a reasonable wage to the farmer for his manual work, a managerial salary and the return on tenant's capital employed.

An increase in variable costs of only 6 per cent was the smallest for some years. Spending on grain and protein animal feeds, in particular, went up only 1 per cent—reflecting a combination of low price increases and reduced consumption.

Fixed costs, on the other hand, rose 15 per cent. Labour charges went up 10 per cent but machinery charges, boosted by a combination of a 20 per cent rise in the fuel price index and a 23 per cent jump in agricultural machinery prices, increased by 23 per cent overall.

Other fixed costs—rent and rates and general farm overheads—rose by 17 per cent and 14 per cent respectively.

Fixed costs have assumed a position of considerable importance in the cost structure of farms in recent years. They now account for 42 per cent of total costs and absorb 58 per cent of the total gross margin.

More milk sold for butter

THERE WAS a further surge in the quantity of milk going into cheese and butter manufacture last month.

The Milk Marketing Board's latest report shows sales off farms went up 5.8 per cent compared with November 1977, liquid sales dropped 0.9 per cent and the amount diverted into the creameries rose 15.2 per cent.

The board says the small reduction in liquid sales is "really quite remarkable in view of the retail price rise on November 5." Overall fall for the April-to-March dairy year is 1.6 per cent so far.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Slightly easier on the London Metal Exchange after forward wirebars had started at £788, advanced to £790 and then retreated. The rise in warehouse stocks and hedge selling pushed the price down to £785. A higher Comex opening caused a rally to £789 but then Comex drifted and London fell away to close on the Kerb at £786.25. Turnover 23,600 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	773.5-4.5	-2.75	774.5	-2.25
3 months	788-.5	-1	786.5-7.5	-.25
Settl'm'nt	774.5	-2.5	—	......
Cathodes				
Cash	758.5-9.5	+2.5	758-60	+2.5
3 months	775.5-6	+2.75	774-5	+1
Settl'm'nt	759.5	+2.5	—	......
U.S. Smt.	—	......	*72	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £775, 74.5, 74, three months £787, 86.5, 86. Cathodes three months £775, 75.5, 76. Kerbs: Wirebars three months £787, 86.5, 87. Afternoon: Wirebars three months £787, 87.5, 88, 88.5, 88, 87.5, 87. Kerbs: Wirebars three months £787, 86.5, 86, 86.5.

TIN—Lower with forward metal starting at £6,800 because of the strength of sterling, despite a net rise in the East over the weekend. Hedge selling against Eastern intake and some stop-loss selling caused a decline to £6,730 but buying at the lower levels allowed a close on the Kerb of £6,750. Turnover 1,310 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6820-50	-125	6840-45	-107½
3 months	6765-75	-70	6785-45	-50
Settlem't	6850	-150	—	......
Standard				
Cash	6820-5	-105	6840-45	-85
3 months	6735-40	-87.5	6750-55	-72.5
Settlem't	6825	-105	—	......
Straits E.	‡$1781	+5	—	......
New York	—	......	—	......

Morning: Standard cash £6,835, 30, three months £6,790, 80, 70, 60, 50, 60, 55, 60, 50, 40, 30, 35, 40. High Grade three months £6,780. Kerbs: Standard three months £6,740. Afternoon: Standard three months £6,740, 45, 40, 45, 50, 55. Kerbs: Standard three months £6,750, 55.

LEAD—Firm on news of a fire at a Metallgesellschaft smelter. The backwardation widened and this helped the forward price to rise. After starting at £403-£405 in a quiet pre-market there was a steady advance to a day's high of £410, reached in the afternoon. At this level some profit-taking entered the market and this eroded some of the gain, leaving a close on the Kerb of £409 after active trading. Turnover 6,375 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	434-5	+4.75	441-5	+12¼
3 months	406.5-7	+3	409.5-.75	+3.62
Sett'ment	435	+5	—	......
U.S. Spot	—	......	*36.36	......

Morning: cash £432, 34, 33.5, 34, three months £404.5, 05, 06, 06.5, 07. Kerbs: three months £407. Afternoon: three months £408, 08.5, 09, 09.5 10, 09.5, 09.75. Kerbs: three months £409.5, 09, 08.5.

ZINC—Higher influenced by the performance of the lead market but succumbing to profit-taking in late trading. Forward metal started at £353 and touched £357 in the afternoon before falling to £355.5 on the late Kerb after a day of moderate two-way trading. Turnover 2,675 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	345.5-6	+5	348-9	+5.75
3 months	355-.5	+2.5	356-.5	+3.5
S'ment	347	+5	—	......
Prim.west	—	......	*35.5-4.5	......

Morning: cash £346, three months £355, 55.5. Kerbs: three months £355.5. Afternoon: three months £356, 56.5, 57, 56.5. Kerbs: cash £349, three months £355.

ALUMINIUM—Little changed after a modest day's trading which saw forward metal fall away from £622 to £620. Turnover 350 tonnes.

Alumin'm	a.m. Official	†+ or —	p.m. Unofficial	†+ or —
	£		£	
Spot	—	......	—	......
3 months	621.5-2.5	+.75	620-1	-.75

Morning: three months £622. Afternoon: Untraded. Kerbs: three months £620.

* Cents per pound. ‡ $M per picul. † On previous official close.

SILVER

Silver was fixed 1.3p an ounce lower for spot delivery in the London bullion market yesterday at 295.45p. U.S. cent equivalents of the fixing levels were: spot 598.9c up 3.6c; three month 613.1c, up 4.3c; six-month 627.3c, up 4.8c; and 12-month 656.8c, up 5.2c. The metal opened at 296¾-297¼p (598½-600c) and closed at 294.9-295.9p (601-602½c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	295.45p	-1.30	296.30p	-0.45
3 months	303.15p	-0.90	303.95p	-0.45
6 months	311.55p	-0.98	—	......
12 months	327.35p	-1.00	—	......

LME—Turnover 81 (172) lots of 10,000 ozs. Morning: Three months 303.4, 03.5, 03.6. Kerbs: Three months 303.6, 03.5. Afternoon: Three months 304, 04.1, 03.9, 04. Kerbs: Three months 303.8, 03.7, 03.8.

COCOA

In thin trading conditions cocoa prices gained £20-£25 on the day reflecting renewed short covering, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec.	1925.0-24.0	+20.5	1928.0-12.0
March	1984.0-85.0	+25.0	1988.0-45.0
May	2000.0-000.0	+18.0	2008.0-1989
July	2011.0-12.0	+9.0	2025.0-2005
Sept	2016.0-20.0	+5.0	2050.0-2018
Dec	2010.0-12.5	+4.25	2025.0-2005
March	2010-15.0	+15.0	2015.0-2004

Sales: 3,187 (3,674) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price for Dec. 22: 173.80 (174.89); Indicator price for Dec. 27: 15-day average 178.95 (179.52); 22-day average 181.55 (182.06).

COFFEE

ROBUSTA coffee futures opened £30-£35 higher but failed to produce any substantial activity even though a promising outlook appeared to be in prospect initially, reported Drexel Burnham Lambert. The afternoon was very disappointing early on as Commission House selling eroded values slightly, but trade buying towards the close pushed prices higher to finish £21-£36 up on the day as business picked up.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	1472-1473	+35.0	1475-1446
March	1318-1320	+56.5	1323-1306
May	1244-1245	+32.0	1247-1233
July	1203-1206	+28.5	1210-1195
September	1175-1180	+31.0	1185-1165
November	1151-1154	+31.0	1150-1140
January	1126-1140	+21.5	....

Sales: 2,847 (954) lots of 5 tonnes.

ICO Indicator prices for Dec. 26 (U.S. cents per pound): Colombian Mild Arabicas 172.50 (172.00); unwashed Arabicas 143.00 (same); other Mild Arabicas 131.50 (130.83); Robustas ICA 1976 129.50 (same); Robustas ICA 1968 130.50 (same). Daily average 130.50 (130.17).

GRAINS

LONDON FUTURES (GAFTA)—Grains opened unchanged. Trade was very thin, the main interest being in the spot positions. Values eased slightly on pre-tender pressure to close 5-15p lower on wheat, 10-15p lower on barley. Demand for new crop wheat was good and values increased to close 35p higher on the day, unchanged on barley, Acli reported.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Jan	91.60	-0.05	83.20	-0.15
Mar	93.70	-0.10	85.60	-0.15
May	96.10	-0.15	88.10	-0.10
Sept	90.10	+0.55	86.70	......
Nov	92.95	+0.55	86.55	......

Business done—Wheat: Jan. 91.65-91.60, March 93.70-93.70, May nil, Sept. 90.10-89.90, Nov. nil. Sales: 32. Barley: Jan. 83.30-83.20, March 85.75-85.65, May 88.10-88.10, Sept. nil, Nov. nil. Sales: 33.

IMPORTED—Wheat: CWRS No. 1 13½ per cent Dec. 95.50 quoted. U.S. Dark Northern Spring No. 2 14 per cent Dec. 88.75, Jan. 89.50, Feb. 90, transhipment east coast. U.S. Hard Winter 13½ per cent Dec. and Jan. 84.75, Feb. 85.00 transhipment east coast. EEC feed unquoted. Maize: U.S./French first half Jan. 107.50 second half Jan. 108 transhipment east coast. S. Africa White Jan. 67.50. S. Africa Yellow Jan. 67.50. Barley: English feed fob April-June 90.50 east coast.

EEC IMPORT LEVIES—The following *levies and premiums* are effective for December 28 in order of current levy plus Jan, Feb and March premiums (with previous in brackets), all in units of account per tonne. Common wheat: 83.30, nils (81.80, nils). Durum wheat: 121.38, nils (119.71, nils). Rye: 85.11, nils (84.96, nils). Barley: 89.15, nils (88.19 nils). Oats: 83.80, 2.01, 2.01, nil (82.83, 2.01, 2.01, nil). Maize (other than hybrid for seeding): 79.85, 1.07, 1.07, 0.76 (79.04, 0.46, 0.46, 0.21). Buckwheat: 2.13, *nils* (nils). Millet: 89.28, nils (88.01 nils). Grain sorghum: 79.92, nils (78.84 nils). Flour levies: Wheat or mixed wheat and rye flour 127.98 (125.86). Rye flour: 131.89 (130.28).

RUBBER

QUIET opening on the London physical market. Easier throughout the day closing uncertain. Lewis and Peat reported the Malaysian go-down price was 239½ (238) cents a kilo (buyer, January).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Feb.	58.80-58.05	—	58.50-58.05
Mar.	58.95-58.80	59.25-58.50	59.40-58.80
Apr-Jne	60.45-60.50	61.10-61.15	61.45-60.45
Jy-Sept.	62.70-62.75	63.35-63.40	63.50-62.75
Oct-Dec	65.05-65.10	65.65-65.70	65.60-65.50
Jan-Mar	67.35-67.40	67.95-68.00	67.60
Apr-Jne	69.75-69.80	70.50-70.55	70.00
Jy-Sept.	72.15-72.20	72.65-72.70	—
Oct-Dec	74.50-74.55	75.05-75.10	74.70

Sales: 19 lots of 5 tonnes, 154 (66) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 56.75p (57); Feb. 58.75p (59.75); March 59.50p (60.50).

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
February	124.80-24.9	-2.5	125.00-24.20
April	123.10-23.5	-2.95	123.50-23.10
June	121.50-22.5	-2.25	—
August	122.50-24.5	-2.25	—
October	122.50-24.5	-2.25	—
December	121.50-27.0	-1.50	—
February	121.00-28.0	......	—

Sales: 60 (13) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £97.00 (£99.00) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £96.50 (£99.00).

First traded prices were some £3 below pre-holiday levels, reflecting the sharp fall in New York on Tuesday, reported C. Czarnikow. Thereafter, scattered short-covering lifted the market somewhat before New York *again* turned easier when losses of some 50-75 points occurred.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	104.65-04.75	108.50-08.60	05.85-04.65
May	107.00-07.05	110.75-10.80	08.10-07.00
Aug.	110.75-10.85	114.50-14.55	12.25-10.80
Oct.	114.00-14.25	117.50-17.60	15.50-14.25
Dec.	116.50-17.50	120.10-20.50	—
March	119.50-21.50	124.00-24.70	—
May	121.50-24.90	126.50-27.90	—

Sales: 2,060 (742) lots of 50 tonnes.

Tate and Lyle ex-refinery prices for granulated basis white sugar were not available.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices not available. M/c No. 10—Seager — — 6pt — —

WHITE SUGAR—Close (in order buyer, seller, business, sales). Feb. 93.25, 93.50, 94.00-93.25, 18; April 99.00, 99.75, 99.50, 103; July 104.50, 104.75, 105.50-104.65, 20; Sept. 111.00, 112.00, nil, nil; Nov. 116.00, 117.00, nil, nil; Feb. 121.00, 124.00, nil, nil; April 123.00, 130.00, nil, nil. Sales: 141.

WOOL FUTURES

LONDON—The market was dull and featureless, reported Bache.
(Pence per kilo)

Australian Greasy Wool	Y'sterd'ys Close	+ or —	Business Done
December	217.0-25.0	......	—
March	218.0-26.0	......	—
May	224.0-33.0	......	—
July	231.0-40.0	......	—
October	234.0-40.0	......	—
December	235.0-42.0	......	—
March	236.0-44.0	......	—
May	239.0-50.0	......	—

Sales: 0 (same) lots of 1,500 kg.

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: March 350.0, 351.0, nil, nil; May 356.5, 357.5, 357.0, 357.0, 1; July 360.5, 361.5, nil, nil; Oct. 363.2, 363.6, nil, nil; Dec. 367.0, 369.0, nil, nil; March 370.5, 371.0, nil, nil; May 372.0, 373.5, nil, nil. Sales: 1.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller). Dec. 184.0, 190.0; March 183.0, 185.0; May 185.0, 186.0; July 187.0, 190.0; Oct. 190.0, 193.0; Dec. 192.0, 197.0; March 193.0, 198.0; May 193.0, 195.0. Sales: nil.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 56.0 to 59.0.

Veal: Dutch hinds and ends 96.0 to 100.0.

Lamb: English small 48.0 to 62.0, medium 50.0 to 58.0, heavy 48.0 to 52.0. Scottish medium 50.0 to 58.0, heavy 46.0 to 52.0.

Pork: English, under 100 lb 36.5 to 45.5, 100-120 lb 36.5 to 43.5, 120-160 lb 35.0 to 42.0.

stock prices at representative markets on week-ending December 23. GB cattle 70.53p per kg. l.w. (−1.14); UK sheep 134.1p per kg. est. d.c.w. (+1.5); GB pigs 62.2p per kg. l.w. (−3.4). England and Wales: Cattle numbers down 59.6 per cent, average price 69.73p (−1.68); Sheep numbers down 47.4 per cent, average price 134.3p (+1.5); Pig numbers down 56.8 per cent, average price 61.6p (−3.7). Scotland: Cattle numbers up 12.5 per cent, average price 71.73p (−0.88); Sheep numbers down 18.5 per cent, average price 131.4p (+2.8); Pig numbers down 1.1 per cent, average price 64.7p (−1.1).

MEAT COMMISSION—Average fatstock prices at representative markets on December 27. GB cattle 71.39p per kg lw (+0.96). UK sheep 137.8p per kg est dcw (+3.9). GB pigs 66.6p per kg lw (+5.3). England and Wales: No numbers changes due to holiday marketings. Cattle average price 71.34p (+1.33). Sheep average price 136.3p (+1.8). Pig average price 66.8p (+5.6). Scotland: Cattle numbers down 25.8 per cent, average price 71.63p (+0.64). Sheep numbers up 882.3 per cent, average price 144.3p (+20.6). Pig numbers up 77.8 per cent, average price 61.6p (−1.6).

COVENT GARDEN (prices in sterling per package except where otherwise stated)—Imported produce: Lemons—Italian: 120s new crop 5.50-6.00; Greek: 5.00-5.50; Cyprus: Trays 4.00-5.00, boxes 80/180s 4.50-6.50; Californian: cartons 90/165 6.00-8.00. Oranges—Spania: Navel/Navelinas 3.60-4.30; Egyptian: Baladi 3.00-3.20; Greek: Navels 20 kilos 3.80-4.00; Israeli: 4.80-5.05. Clementines—Cyprus: 10 kilos 3.20-3.60; Moroccan: 3.20-4.20. Satsumas—Spania: Trays 1.60-2.40. Grapefruit—Texas: Red Blush 4.50-4.60; Floride: 4.60; Cyprus: 2.20-3.60; Israeli: Jaffa 40/75 3.40-3.60. Apples—French: Stark Crimson 40 lbs 138/163s 4.40-5.30, 20 lbs 84s 1.70-2.00, 72s 2.20-2.40, Golden Delicious 20 lbs 72s 1.80-2.20, 84s 1.60-1.80, 40 lbs 138/163/175s 3.50-4.00, jumble pack per pound 0.07; Granny Smith 20 lbs 72s 2.20-2.30, 84s 1.80-1.90, large boxes 138/150/163 3.60-4.60, jumble pack 55/60 31 lbs per pound 0.06-0.07. Bananas—Jamaican: per *pound* 0.13-0.14. Grapes—Spanish: Almena 3.00-4.00, Negri 3.00-3.50; Californian: Red Emperor 20/23 lbs 8.00. Avocados—Israeli: 3.30-3.50. Melons—Spanish: Green 5.80-6.00, 15-kilo boxes 8/12s 10.00. Onions—Spanish: 3.00-4.80; Dutch: 2.00-2.20. Tomatoes—Spanish: 0.80-1.50; Canary: 2.50-4.00. Cucumbers—Canary: 10/16s 2.80-3.30. Capsicums—Canary: 0.30; Italian: 14 lbs 2.00. Dates—Algerian: per glove box 0.38-0.43; Californian: tubs 0.30. Lettuce—French: 12s 1.50. Walnuts—Californian: per pound 0.40; Chinese: 0.30-0.31. Brazils—Per pound LWM 0.42-0.44, Tocantins 0.36-0.37. Almonds—Spanish: semi-soft per pound 0.42, hard shell 0.30. Chestnuts—Italian: 10 kilos 4.50-6.50; Spanish: 5 kilos 2.50-4.00, 10 kilos 4.40-5.80; Portuguese: 5.00-5.50. Filberts—Italian: per pound 0.30-0.31. Pecan Nuts—Californian: per pound 0.60. Potatoes—Italian: boxes 20 lbs 3.80. Peaches—Sth African: 23/28s 2.20-3.00. Apricots—Sth. African: per pound 0.55-0.60.

English produce: Potatoes—Per 25 kilos 1.40-1.80. Lettuce—Per 12 round 1.40-1.50. Mushrooms—Per pound 0.30-0.50. Apples—Per pound Bramley 0.06-0.12; Cox's Orange Pippin 0.04-0.13; Worcester Pearmain 0.04-0.06; Russets 0.06-0.09; Spartan 0.08-0.10. Pears—Per pound Conference 0.09-0.14; Comice 0.14-0.18. Cabbages—Per crate 1.00-1.20. Celery—Crates 14/18s 1.40-1.80. Cauliflowers—Per 12s Kent 3.50-4.50. Beetroot—Per 28 lbs 0.70. Carrots—Per 28 lbs 0.80-1.00. Capsicums—Per pound 0.30. Onions—Per bag 1.80-2.30. Swedes—Per 28 lbs 0.60.

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Dec. 27 1978	+ or —	Month ago
Metals			
Aluminium	£710	....	£710
Free market (cis)	$1,200/20	....	$1,150/80
Copper cash W Bar	£774.5	-2.25	£754.75
3 months do. do.	£787	-0.25	£774.25
Cash Cathode	£759	+2.5	£743.75
3 months do. do.	£775	+1	£762.75
Gold Troy oz.	$222.625	+6.25	$200.625
Lead cash	£442	+12.25	£396.5
3 months	£409.625	+5.875	£386.25
Nickel	‡	....	‡
Free Market (cif)(lb)	$1.64	....	$1.68
	1.76	....	1.82
Platinum troy oz.	£156	....	£142
Free Market	£171.65	-0.1	£158.3
Quicksilver	$152/157	....	$139/45
Silver troy oz.	295.45p	-1.3	305.4p
3 months	303.15p	-0.9	312.6p
Tin cash	£6,842.5	-85	£7,370
3 months	£6,752.5	-72.5	£7,285
Tungsten (z)	$145.58	....	$141.88
Wolfram 22.04 cif	$134/140	....	$140/45
Zinc cash	£348.5	+5.75	£348
3 months	£356.25	+3.5	£358.75
Producers	$720	....	$720
Oils			
Coconut (Phil)	$910q	-10	$845
Groundnut	‡	....	‡
Linseed Crude	£336	....	£340
Palm Malayan	$610t	....	$598
Seeds			
Copra Philip	$525p	+5	$550
Soyabean (U.S.)	$286u	-5.5	$278
Grains			
Barley			
Home Future	£85.60	-0.15	£83.5
Maize			
French No. 3 Am	£107.5	+0.5	£104.5
Wheat			
No. 1 Red Spring	£95.5	....	£94.75
No. 2 Hard Winter	£84.75	....	£89.75
English Milling †	£95.5x	....	£92.5
Other Commodities			
Cocoa Shipment	£2,014.5	+22.5	£2,177.5
Future Mar.	£1,964.5	+25.0	£2,157.5
Coffee Future			
Mar.	£1,319	+56.5	£1,459
Cotton 'A' Index	78.05c	-0.2	79.4c
Rubber kilo	56.75p	-0.25	60p
Sugar (Raw)	£97	-2	£102
Wooltops 64s (kilo)	270p	....	274p

* Nominal. † New crop. ‡ Unquoted. n Jan.-March. p Dec.-Jan. q Jan.-Feb. t Feb. u Jan. x per ton. z Indicator prices.

INDICES

FINANCIAL TIMES

Dec. 27	Dec. 26	Month ago	Year ago
257.34	255.98	253.75	237.63

(Base: July 1, 1952=100)

REUTERS

Dec. 27	Dec. 22	Month ago	Year ago
1498.8	1501.6	1516.3	1414.7

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Dec. 27	Dec. 26	Month ago	Year ago
Spot	382.70	379.65	396.42	343.42
Futures	381.03	378.30	394.40	331.64

(Average 1924-25-26=100)

MOODY'S

Moody's	Dec. 27	Dec. 26	Month ago	Year ago
Sple Commty	975.4	975.8	992.2	886.9

(December 31, 1931=100)

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 124 tonnes. Business was slack midway between the holidays and only scrappy buying persisted. Attention was mainly centred on Middle Eastern growths with occasional support in Central and South American styles.

U.S. Markets

NEW YORK, Dec. 27.

Cocoa—March 173.30 (169.40), May 174.40 (170.25), July 174.90, Sept. 174.75, Dec. 173.55, March 172.70. Sales: 548.

Coffee—"C" Contract: March 133.00-133.40 (134.00), May 129.00-129.48 (130.00), July 129.25, Sept. 128.75-128.90, Dec. 127.00-127.40, March 127.00, May 127.00. Sales: 614.

Copper—Dec. 69.55 (69.00), Feb. 70.35 (69.75), March 71.15, May 72.55, July 73.80, Sept. 74.80, Dec. 76.10, Jan. 76.50, March 77.30, May 78.10, July 78.95, Sept. 79.75.

Cotton—No. 2: March 67.05-67.20 (66.75), May 69.10-69.24 (68.84), July 70.60-70.75, Oct. 66.35, Dec. 64.30, March 65.25-65.40, May 66.00-66.25. Sales: 6,250.

*Gold—Jan. 222.80 (219.80), Feb. 224.80 (221.60), April 228.80, June 232.90, Aug. 237.00, Oct. 241.10, Dec. 245.30, Feb. 249.60, April 253.90, June 258.20, Aug. 262.60, Oct. 267.00. Sales: 16,919.

†Lard—Chicago loose 23.50 (same). NY prime steam not available (25.00 traded).

‡‡Maize—March 231¼-231½ (231⅛), May 240½ (240½), July 246, Sept. 248¾, Dec. 252¾-253, March 260¼.

§Platinum — Jan. 348.60-349.00 (344.60), April 354.00-354.70 (349.30), July 357.50, Oct 360.10-360.30, Jan. 363.10-363.30, April 365.90-366.10, July 368.70-368.30. Sales: 1,850.

¶Silver—Dec. 604.80 (599.30), Feb. 608.80 (603.10), March 612.80, May 620.20, July 628.70, Sept. 637.30, Dec. 650.70, Jan. 655.40, March 664.90, May 674.40, July 684.50, Sept. 693.70. Handy and Harman spot 603.50 (594.50).

Soyabeans—Jan. 683½-683 (682¼), March 699-697½ (697¾), May 707½-706½, July 712½-712, Aug. 705, Sept. 680, Nov. 666½, Jan. 674½.

‖Soyabean Meal—Jan. 189.30-189.40 (190.10), March 189.10-189.20 (189.10), May 188.10-188.30, July 188.30, Aug. 188.60, Sept. 187.00-187.50, Oct. 184.60-184.50, Dec. 184.60-184.50, Jan. 184.00-184.50.

Soyabean Oil — Jan. 25.05-25.10 (25.05), March 25.25-25.20 (25.12), May 25.15, July 25.10, Aug. 25.10, Sept. 24.25, Oct. 23.90-23.80, Dec. 23.80, Jan. 23.50-23.70, March 23.40-23.60.

Sugar—No. 11. Jan. 7.89-8.00 (7.95), March 8.35-8.37 (8.36), May 8.58, July 8.82-8.83, Sept. 9.04-9.06, Oct 9.16-9.17, Jan. 9.55-9.56, March 9.85-9.90, May unquoted. Sales: 3,100.

Tin — 646.00-651.00 nom. (644.00-650.00 nom.).

**Wheat—March 342½-342¼ (338½), May 332¼ (330¾), July 321¼, Sept. 327¼-327, Dec. 338¼.

WINNIPEG, Dec. 27. ††Rye—Dec. 91.60 asked (90.10 bid), May 97.50 asked (96.50 asked), July 99.50, Oct. 102.00.

††Oats—Dec. 90.00 (89.40 bid), March 81.90 asked (82.10), May 79.20 bid, July 78.90 bid, Oct. 79.50 bid.

††Barley—Dec. 74.20 bid (74.60), March 75.90 bid (76.50 asked), May 76.90 asked, July 77.30 asked, Oct. 78.00.

§§Flaxseed—Dec. 277.00 bid (273.00 bid), May 281.50 bid (281.70), July 279.00 bid, Oct. 279.00 bid.

Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 186.70 (185.70).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100-ounce lots † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-oz units of 99.9 per cent purity delivered NY ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 59-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ C$s per tonne.

Equities ease late on Esso news

But trade remains at minimum levels

Account Dealing Dates

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 11	Dec. 28	Dec. 29	Jan. 9
Jan. 2	Jan. 11	Jan. 12	Jan. 23
Jan. 15	Jan. 25	Jan. 26	Feb. 6

* "New time" dealings may take place from 9.30 am two business days earlier.

The latest events in Iran, particularly the cessation of oil exports from that country, failed to disturb a basically firm undertone in stock markets when business resumed yesterday after the Christmas holiday. Although attendance was reasonably high, interest throughout the equity sections was extremely poor and, as measured by official markings, was below that experienced during Friday's shortened session: the markings for slightly over half a day's trade then totalled 1,793, the smallest since the all-time low recorded in 1974 apart from freak war-time occurrences, while the number of bargains yesterday fell to only 1,674 for a full day's business.

Speculative situations provided most of the day's bigger movements with dealings in leading stocks being slow and prices of many Index constituents were untested. Late news of the Stanwell drivers' rejection of Esso's wage offer led to renewed fears of a national strike early in the New Year, however, and caused dealers to lower the prices of many leaders. This was reflected in a closing loss of 1.1 to 478.2 in the 30-share index after it had hovered around 480.0 at the six earlier calculations.

British Funds noted the continuation of the current round of U.S. Prime rate increases, but sentiment was not affected and quotations generally remained at Friday's list levels with the exception of a few shorts which eased a shade. Yesterday's fresh rise in the price of bullion encouraged an extension of last week's advance in South African Gold shares, but the pace of the movement was more laboured and the FT Gold Mines index rose only 1.4 to 142.5.

A rising pre-Christmas market following the Government's UK-Irish exchange control ruling, the investment currency premium moved narrowly yesterday before closing a fraction lower at 83 per cent. Yesterday's SE conversion factor was 0.6991 (0.7071).

In common with the lethargic equity market, only 119 contracts were done in Traded Options compared with last Friday's 110 which was the lowest since dealings started last April.

Brentnall Beard down

Insurances were featured by a fall of 6 to 34p in Brentnall Beard on the announcement that the bid discussions with an unnamed suitor have been terminated. Elsewhere, GRE declined 4 to 220p but Matthews Wrightson firmed 3 to 183p.

Modest improvements were the order of the day in the banking sector following a quiet day. Bank of Scotland added 4 at 282p and Barclays edged forward 2 to 368p. Among merchant banks, Hambros put on 3 to 185p.

With seasonal influences becoming less of a factor, interest in Breweries tended to subside. The undertone held fully steady, however, and marginal gains were seen in Greene King, up 2 at 305p, Arthur Guinness, 169p, and Wolverhampton and Dudley, 225p, which both edged forward a penny.

The shareholders' approval of the proposals to purchase Barrow Hepburn's chemical interests put a damper on recent bid hopes and caused Tunnel B to fall away to 306p before rallying to close at 310p for a net loss of 12. Elsewhere in thinly traded Buildings, Richard Costain slipped 4 to 224p, but Y. J. Lovell put on 5 to 111p, the latter in a narrow market. Magnet and Southerns firmed 3 to 135p, but A. Monk, reflecting business that developed late on Friday, shed that much to 79p.

ICI typified market conditions and eased 2 to 367p. Elsewhere in the Chemical sector, Farm Feed put on 5 to 67p on the appearance of a solitary buyer.

Stores plotted an irregular course in thin trading. Marks and Spencer edged forward a penny to 84p, after 85p, while Burton A relinquished 2 to 172p. Home Charm also eased 2 to 228p as did J. Hepworth, to 67p.

Still benefiting from recent Press mention, Sound Diffusion encountered fresh support and put on 5 further to 65p. Elsewhere in the Electrical sector, Electronic issues tended a shade firmer.

Weekend Press comment suggesting a possible bid from either John Brown or Laird Group prompted fresh speculative demand for Baker Perkins which improved further to 152p before settling at 150p for a rise of 4 on the day. John Brown closed a few pence cheaper at 376p, after 374p. Once again, other Engineering leaders were barely tested. Among the handful of small irregular movements in secondary issues, Hall Engineering eased 3 to 111p and Victor Products a similar amount to 115p, but occasional demand lifted Renold 2 to 123p and W. Williams 1½ to 35½p.

Dealings were temporarily suspended in Anglo-Swiss at 29p following a bid approach.

Dull of late on the poor interim results, Cullens attracted buyers and rose 8 to 130p with the A shares the same amount up at 128p following a weekend Press report that International Stores has acquired Lennons' 5 per cent stake in the company. Modest demand lifted Associated Dairies 4 to 204p and Cartiers 5 to 113p, but recently firm William Morrison eased 2 to 96p. A good market since the Board's confident statement on current trading, fresh buying interest was shown in Avana which put on 4 to a year's peak of 78p and, reflecting continued speculative demand that began late on Friday, J. M. Nicholls (Vimto) gained 23p to 260p.

Apart from Reed International, which improved 2 more to 157p on continuing hopes that the talks to sell its Canadian subsidiary may soon reach a satisfactory conclusion, miscellaneous Industrial leaders drifted lower. Still depressed by a leading broker's downgrading of his profits forecast for the company, Glaxo lost 5 more to 510p. Beecham softened 3 to 623p and Turner and Newall eased a penny to a 1978 low of 163p. Elsewhere, Hoover A gave up 2 to 215p, after 213p, on news that the group is sacking 280 workers at its Merthyr Tydfil washing machine complex and expect to make more workers redundant in the New Year. Wade Potteries, on the other hand, rose 3 to 40p, after 42p, on speculative support, while improvements of 3 and 2 respectively were seen in Amalgamated Metal, 283p, and Toye, 80p.

Seasonal demand for holiday bookings turned buyer's attention to Saga which firmed 4 to 177p, after 178p.

Motor sectors attracted little interest and prices generally held at last Friday's levels.

Business in Newspapers was centred on the major issues. Associated gained 2 to 170p, but News International eased 3 to 275p and United 2 to 326p as dealers attempted to attract some buying interest.

In generally neglected Properties, Laing A were notable for a gain of 3 at 126p and Regional A following the £4.7m property sale to a pension fund, hardened a penny to 75p.

Growing concern about the Iranian situation unsettled sentiment in the Oil sector, but losses were modest and mainly reflected the virtual absence of support. British Petroleum drifted off to close 4 cheaper at 926p and Shell finished 5 off at 573p. Secondary issues to give ground included Siebens (U.K.), 4 off at 266p, and Oil Exploration, 2 easier at 222p.

Trusts were inclined harder with rises of around 2 being marked against Scottish Cities 'A,' 164p, Dualvest Capital, 210p, and Glasgow Stockholders, 91½p.

Plantations were featured by Kuala Lumpar Kepong which added 2 to 71p ahead of the annual statement and held at that level following the announcement as dealers awaited far-eastern reaction. Elsewhere, Highlands put on 2 at 110p, although Castlefield closed 5 down at 230p.

Firm De Beers

De Beers shone out in lacklustre mining markets with a rise of 10 to 378p. The shares were in the list of active stocks, responding to steady demand in advance of next month's Central Selling Organisation 1978 sales figure.

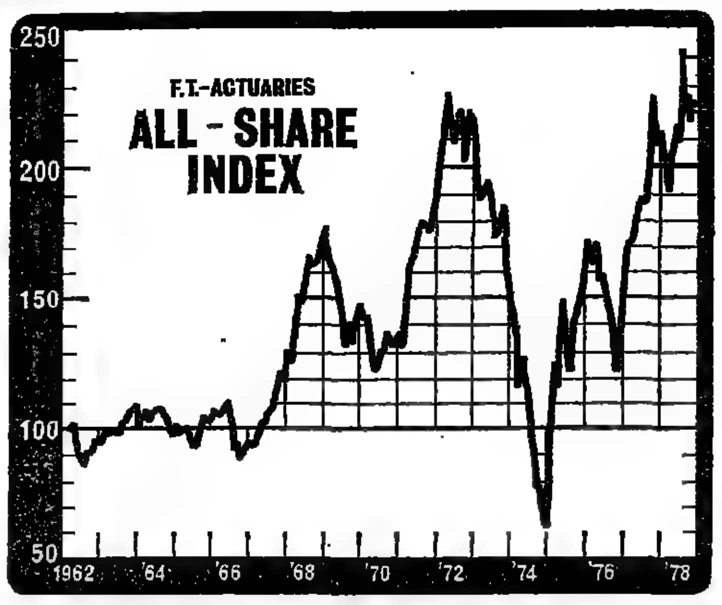
Other South African Financials were quiet but steady, taking their lead from Golds, where the undertone was firm as the bullion price rose $7.25 to $222.625 an ounce. Although there was light buying from the Continent and the U.S., business was sluggish.

The Gold Mine Index rose 1.4 to 142.5 and the ex-premium index was 0.2 lower at 99.6. Among the heavily-priced issues, Vaal Reefs at £13, Randfontein at £23¾ and Western Holdings at £15¾ were all 25 higher.

Trading was also at a low level among Australians. The rise in prices, which had Conzinc Rio Tinto 12 higher at 292p, reflected the firmness of the overnight Sydney market, which had itself been encouraged by Japanese copper consumption projections.

Among the lower-priced stocks, Newmetal wre effectively unchanged at 42p following their share reconstruction. This came into effect last week: the 10 cents par value shares were written down to 2½ cents and then consolidated on the basis of one new share of 20 cents par value for every eight of the old shares.

London Financials stayed close to their pre-Christmas levels with no interest reported. Coppers and Rhodesians were quiet. Tins were idle but Southern Kinta were marked up 10 to 175p after the higher than expected interim dividend of 60 cents, less Malaysian tax at 40 per cent.



FINANCIAL TIMES STOCK INDICES

—	Dec. 27	Dec. 22	Dec. 21	Dec. 20	Dec. 19	Dec. 18	A year ago
Government Secs.	68.66	68.67	68.55	68.49	68.60	68.56	77.86
Fixed Interest	70.22	70.37	70.31	70.35	70.09	70.11	80.54
Industrial	478.2	479.3	478.2	478.2	475.1	474.0	490.4
Gold Mines	142.5	141.1	139.2	141.4	140.2	133.7	136.7
Gold Mines(Ex-$ pm)	99.6	99.8	99.2	101.0	101.2	98.5	98.3
Ord. Div. Yield	6.03	6.02	6.03	6.02	6.05	6.08	5.45
Earnings, Y'ld % (full)	15.82	15.79	15.83	15.92	15.99	16.07	16.55
P/E Ratio (net) (*)	8.21	8.25	8.21	8.15	8.12	8.08	8.56
Dealings marked	1,674	1,793	3,383	3,080	3,403	3,398	2,489
Equity turnover £m.	—	27.28	49.84	51.98	60.51	56.39	52.58
Equity bargains total	—	6,039	9,597	10,328	12,585	13,019	11,949

10 am 480.0. 11 am 479.9. Noon 479.9. 1 pm 479.9. 2 pm 479.9. 3 pm 480.0.

Latest Index 01-246 8026.

* Nil=7.97.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm. index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	78.58 (3/1)	67.92 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	69.30 (13/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	124.1 (29/11)	442.3 (22/6/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 (14/8)	90.3 (18/4)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	Dec. 27	Dec. 22
—Daily		
Gilt Edged	76.0	53.2
Industrials	55.1	61.5
Speculative	12.2	18.3
Totals	38.1	40.8
5-d'y Av'r'ge		
Gilt Edged	92.7	107.0
Industrials	91.0	102.1
Speculative	21.6	23.5
Totals	60.7	68.5

LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	900	39	7	77	—	98	—	926p
BP	950	10	8	42	—	67	—	"
BP	1000	2	19	19	—	36	—	"
Com Union	140	10	5	12	1	19	—	149p
Com Union	160	1½	—	4	10	8	—	"
Cons Gold	180	5	—	13½	—	17	1	177p
Courtaulds	110	11	15	16	—	17	—	118p
GEC	300	33	—	46	6	59	—	331p
Grand Met.	120	¾	20	6	—	8	—	114p
ICI	360	15	8	25	—	37	—	368p
ICI	420	½	—	4	1	11	—	"
Land Secs	240	8½	1	20	—	26	—	246p
Marks & Sp	80	6½	1	9½	—	15	—	85p
Marks & Sp	90	1½	—	5	5	8½	—	"
Shell	550	26	3	46	—	56	—	574p
Shell	600	3½	2	17	—	30	—	"
Totals			89		21		1	
		February		May		August		
EMI	140	8	5	13	—	18	—	141p
EMI	160	1½	3	6½	—	11	—	"
Totals			8		—		—	

NEW HIGHS AND LOWS FOR 1978

The following securities quoted by the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (16)

BUILDINGS (2)
Norwest Holst — Vectis Stone

ELECTRICALS (1)
Sound Diffusion

ENGINEERING (3)
Bailey (C. H.) — Williams (W.)
Baker Perkins

FOODS (2)
Assoc. Dairies — Avana

HOTELS (3)
City Hotels — De Vere Hotels
Comfort Intl.

INDUSTRIALS (4)
Dinkie Heel — Toye
Restmor — Wade Potteries

TEXTILES (1)
Toray

INDUSTRIALS (2)
Hoover A — Turner & Newall

PROPERTY (1)
McInerney

SOUTH AFRICANS (1)

NEW LOWS (5)

ELECTRICALS (1)
Crellon
S.A. Breweries

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	4	8	65
Corpns., Dom. and Foreign Bonds	3	3	55
Industrials	248	129	1,151
Financial and Prop.	105	30	377
Oils	2	8	29
Plantations	7	1	24
Mines	48	8	84
Recent Issues	3	6	22
Totals	420	192	1,807

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Dec. 27, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Fri., Dec. 22 Index No.	Thurs., Dec. 21 Index No.	Wed., Dec. 20 Index No.	Tues., Dec. 19 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	234.82	—	17.02	5.53	8.05	234.88	234.41	234.42	233.22	209.13
2	Building Materials (27)	206.20	—	18.16	6.24	7.58	206.89	206.09	205.53	203.88	191.83
3	Contracting, Construction (28)	362.77	−0.2	20.82	4.47	6.90	363.42	362.04	361.71	362.95	338.91
4	Electricals (15)	549.94	—	13.63	3.45	10.10	550.12	550.14	549.66	546.91	458.72
5	Engineering Contractors (14)	357.92	−0.3	18.21	6.02	7.47	358.93	358.51	360.61	358.21	301.12
6	Mechanical Engineering (72)	183.81	+0.1	18.34	6.10	7.27	183.71	183.16	183.33	182.15	161.12
8	Metals and Metal Forming (16)	162.06	+0.1	16.86	8.82	8.24	161.92	161.82	162.15	161.53	160.97
11	CONSUMER GOODS (DURABLE) (53)	210.71	+0.1	16.72	5.12	7.98	210.57	209.84	209.60	208.90	194.96
12	Lt. Electronics, Radio, TV (16)	267.34	+0.3	13.94	3.90	10.06	266.49	265.43	264.55	262.10	234.68
13	Household Goods (12)	166.43	−0.2	18.15	6.85	7.56	166.76	166.76	167.18	167.32	181.19
14	Motors and Distributors (25)	121.30	−0.3	21.39	6.94	5.87	121.69	121.28	121.66	121.25	118.19
21	CONSUMER GOODS (NON-DURABLE) (170)	209.18	+0.1	16.30	6.09	8.16	209.03	208.49	208.80	208.04	208.16
22	Breweries (14)	234.04	+0.1	15.62	6.42	8.06	233.81	232.98	232.05	231.73	232.18
23	Wines and Spirits (6)	286.96	+0.5	16.19	5.19	9.07	285.51	286.76	285.91	284.81	256.06
24	Entertainment, Catering (17)	272.06	−0.2	13.63	6.47	10.71	272.71	271.05	270.62	268.68	262.53
25	Food Manufacturing (19)	201.94	−0.2	18.88	5.57	7.03	202.33	202.02	201.79	201.65	202.26
26	Food Retailing (15)	230.15	+0.5	14.47	5.12	9.44	229.00	226.38	225.95	225.88	214.82
32	Newspapers, Publishing (12)	372.05	—	21.62	6.53	6.53	372.88	369.93	371.23	369.76	351.44
33	Packaging and Paper (15)	132.89	—	19.18	7.92	6.80	132.96	132.92	131.51	130.58	130.88
34	Stores (40)	192.49	+0.1	12.32	4.94	11.68	192.37	191.92	193.58	192.87	198.28
35	Textiles (23)	179.98	−0.1	17.88	8.32	7.23	180.18	180.05	179.98	180.11	171.54
36	Tobaccos (3)	236.07	+0.4	23.50	7.95	5.03	235.09	235.09	236.57	234.10	224.97
37	Toys and Games (6)	92.28	−0.3	23.92	7.01	4.93	92.54	92.25	92.25	92.25	101.22
41	OTHER GROUPS (99)	195.07	−0.2	15.83	6.35	8.13	196.31	195.49	195.04	194.87	196.07
42	Chemicals (19)	278.67	−0.5	15.98	6.79	8.17	280.03	277.80	276.55	276.99	266.45
43	Pharmaceutical Products (7)	243.75	−0.5	11.38	4.77	10.64	244.93	243.48	243.00	243.46	0.00
44	Office Equipment (6)	128.55	−0.3	18.90	6.01	6.31	128.94	128.28	128.28	125.92	125.37
45	Shipping (10)	411.37	+0.1	14.70	7.39	8.63	411.02	408.26	407.03	406.52	476.69
46	Miscellaneous (57)	211.82	+0.2	18.06	6.78	7.35	211.48	211.80	211.45	211.32	205.07
49	INDUSTRIAL GROUP (494)	219.17	—	16.41	5.94	8.11	219.22	218.59	218.59	217.81	218.34
51	Oils (6)	515.60	−0.6	13.55	3.90	8.03	518.85	516.78	517.05	515.48	481.76
59	500 SHARE INDEX	243.73	−0.1	15.96	5.62	8.10	244.02	243.28	243.30	242.45	232.96
61	FINANCIAL GROUP (100)	170.52	—	—	5.79	—	170.44	169.35	169.22	168.49	173.27
62	Banks (6)	199.57	+0.2	23.61	5.90	6.35	199.16	197.38	197.16	197.14	198.82
63	Discount Houses (10)	212.93	+1.2	—	8.31	—	210.45	209.71	211.87	212.08	222.09
64	Hire Purchase (5)	166.07	+0.2	14.67	5.14	9.00	165.78	165.78	166.59	164.95	167.08
65	Insurance (Life) (10)	135.77	−0.2	—	6.92	—	136.00	135.40	135.80	134.99	141.02
66	Insurance (Composite) (7)	124.74	−0.2	—	7.03	—	125.02	123.96	123.90	122.82	137.57
67	Insurance Brokers (10)	314.48	+0.3	15.21	5.35	9.39	313.47	313.47	313.19	311.06	336.91
68	Merchant Banks (14)	77.67	−0.1	—	6.31	—	77.71	77.49	77.54	77.57	82.27
69	Property (31)	270.20	—	3.69	3.04	44.33	270.23	269.21	267.71	266.76	245.03
70	Miscellaneous (7)	114.16	+0.5	22.16	7.45	5.84	113.63	113.13	112.77	112.09	109.12
71	Investment Trusts (50)	204.04	+0.3	—	5.16	—	203.48	203.21	202.92	202.52	207.81
81	Mining Finance (4)	101.48	+0.2	18.52	7.02	6.65	101.30	101.53	101.38	101.00	89.45
91	Overseas Traders (19)	296.02	+0.2	16.44	7.92	7.64	295.45	295.89	294.89	295.25	279.51
99	ALL-SHARE INDEX (673)	223.36	−0.1	—	5.70	—	223.50	222.73	222.70	221.93	215.97

FIXED INTEREST PRICE INDICES

	British Government	Wed., Dec. 27	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	102.90	+0.01	—	9.19
2	5-15 years	110.70	+0.00	—	11.08
3	Over 15 years	115.53	+0.02	—	14.53
4	Irredeemables	122.40	+0.10	0.94	14.48
5	All stocks	109.25	+0.01	0.02	11.65

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Wed., Dec. 27	Fri., Dec. 22	Year ago (approx.)
1	Low Coupons	5 years	9.73	9.72	7.16
2		15 years	11.38	11.39	9.24
3		25 years	12.16	12.15	9.98
4	Medium Coupons	5 years	12.70	12.69	9.50
5		15 years	12.73	12.72	10.36
6		25 years	12.73	12.72	10.51
7	High Coupons	5 years	12.74	12.73	10.07
8		15 years	13.29	13.29	11.24
9		25 years	13.31	13.30	11.29
10	Irredeemables		11.94	11.96	9.98

		Wed., Dec. 27 Index No.	Wed., Dec. 27 Yield ‡	Fri. Dec. 22	Thurs. Dec. 21	Wed. Dec. 20	Tues. Dec. 19	Mon. Dec. 18	Fri. Dec. 15	Thurs. Dec. 14	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	54.81	13.53	54.83	54.83	55.15	55.18	55.13	55.13	55.09	62.37
16	Investment Trust Prefs. (15)	51.17	13.70	51.17	51.17	50.96	50.96	50.96	50.96	50.96	56.23
17	Coml. and Indl. Prefs. (20)	72.38	12.91	72.32	72.42	72.74	72.42	72.42	72.42	72.41	76.71

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
42½	F.P.	24/11	49	43	Arncliffe Hldgs.	43	.....	u2.55	2.4	4.7	6.9
A$0.50	F.P.	—	78	61	Ashton Mining 50c.	72	+3	—	—	—	—
A$125	F.P.	—	106	100	††Aust. Farming A$1.	103					
155	F.P.	10/1	176	171	Harris Queensw'y 20p	173	−1	17.8	3.1	6.7	7.2
29	F.P.	5/1	31	29	Kitchen Queen 10p	29	.....	b1.34	3.4	6.9	4.8
110	F.P.	—	135	115	Mill'tts L's're Shps 20p	134	−1	bd5.7	1.8	6.3	12.5

FIXED INTEREST STOCKS

Issue Price	Am'unt Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
¶	F.P.	16/2	109p	109p	Assoc. Dairies 9¾% Pref.	109p	.....
¶	£10	26/1	13	11¾	Colne Valley Water 8% Red Prf. 1985	13	.....
£100p	F.P.	28/12	100½p	99p	Findlay 8% Cnv. Cum. Red. Prf.	99p	−1¼
£100p	Nil	5/1	6pm	2pm	Hawley-Goodall 12% Cnv. Uns. Ln. '85-88	6pm	.....
£1	F.P.	22/12	99p	98p	Newman Inds. 10¼% Acc. Pref.	98p	.....
¶	£10	—	13¼	13	Mid Kent Water 8% Pref. 1984	13¼	.....
¶	Nil	11/1	1¼pm	¾pm	Rivington Reed 9½% Cnv. Cum. Red. Pref.	1¼pm	.....
97p	F.P.	5/1	99p	98p	Seascope 10¼% Pref.	99p	.....

"RIGHTS" OFFERS

Issue Price p:	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p:	+ or −
560	F.P.	8/12	12/1	645	568	Beecham	630	.....
17	F.P.	15/12	26/1	20¼	19½	Boulton (Wm.)	19½	−½
67	F.P.	29/12	5/1	77	71	Capper-Neill	72	.....
305	F.P.	15/12	12/1	122	107	Clifford (Chas.)	123	.....
193	F.P.	15/12	12/1	116	101	Dixon (D.)	116	.....
45	Nil	3/1	9/2	5pm	2pm	Foster (John)	5pm	+1
130	F.P.	8/12	12/1	147	140	Hoskins & Horton	145	.....
210	Nil	5/1	9/2	34pm	32pm	Lep Group	34pm	.....
126	F.P.	15/12	12/1	161	150	M.L. Holdings	155	.....
250	Nil	3/1	9/2	70pm	48pm	Metal Box	62pm	−8
56	Nil	5/1	26/1	13pm	12pm	Milbury	12pm	.....
185	F.P.	18/12	10/1	230	210	Stothert & Pitt	225	.....
62	F.P.	18/12	15/1	76	67	Tern Consulate	71	+1
228	Nil	10/1	9/2	8pm	6pm	York Fine Woollen	6pm	−½

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BATs Defd.	25p	7	255	+1	304	227
Burmah Oil	£1	6	55	−1	89	42
De Beers Defd.	R0.05	6	378	+10	438	285
Metal Box 'New'	Nil/pd.	6	52pm	−2	70pm	48pm
Baker Perkins	50p	5	150	+4	150	87
GEC	25p	5	329	—	349	233
ICI	£1	5	367	−2	421	328
Lucas Inds.	£1	5	304	+1	336	240
Barclays Bank	£1	4	368	+2	372	298
Beecham	25p	4	623	−3	726	581
BP	£1	4	926	−4	954	720
Glaxo	50p	4	510	−5	646	508
P & O Defd.	£1	4	85	—	118	76½
Plessey	50p	4	109	—	125	87
Tube Invs.	£1	4	380	—	436	336

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec. 19	Jan. 8	Mar. 22	Apr. 3
Jan. 9	Jan. 22	Apr. 5	Apr. 18
Jan. 23	Feb. 5	Apr. 19	May 1

For rate indications see end of Share Information Service.

Call options were completed in Carrington Viyella, Metal Box, John Brown, Baker Perkins, Crellon, British Land, W. H. Smith A, Associated Fisheries, Avana, Ladbroke Warrants and Tunnel Holdings. No puts were reported, although doubles were arranged in English Property and U.D.T.

APPOINTMENTS

Marketing Board post at Courage

Mr. Brian Baldock joins the Board of COURAGE on January 8 as marketing director. He comes from Revlon International Corporation where he holds the position of vice-president, sales and marketing (Europe, Middle East and Africa). Mr. B. H. Quelch, marketing director of Courage Brewing, will retire in the spring.

★

The Earl of Inchcape has been appointed to the Board of International advisers of the SWISS BANK CORPORATION. He succeeds Lord Harvey of Prestbury, who has reached the age of retirement.

★

Mr. John T. Davey, who recently became chairman of Rediffusion Holdings, has joined the board of the parent concern, BRITISH ELECTRIC TRACTION.

★

Head Wrightson Process Engineering (Thornaby Division), together with Davy Ashmore International, and Davy Powergas (Non Ferrous Metals Division) are to form a company called DAVY INTERNATIONAL (MINERALS AND METALS) from January 1. Mr. S. B. Burns will be chairman and Dr. A. G. Raper, managing director. Other members of the board will be Mr. N. Cherrett, Dr. K. H. Hoyle, Mr. I. O. Nichols, Mr. J. B. Orr and Mr. R. L. Woodworth (also company secretary). The new concern will comprise three divisions—iron and steel, process engineering, and non ferrous with Mr. Cherrett, Dr. Hoyle and Mr. Nichols as divisional chief executives respectively.

★

BIRDS EYE FOODS has formed a selling company called BIRDS EYE SALES, which will have its own board, although the chairman of both companies, Mr. K. J. B. Webb, will be succeeded by Mr. D. Angel from April 1 when Mr. Webb retires. The managing director of the new concern is Mr. Keith Jacobs (marketing director of the parent company) and other members of its board will be Mr. Philip Bushill-Matthews and Mr. Keith Gordon as national account directors, and Mr. John Yaxley as sales director in charge of national sales. Mr. Len Osborn has become sales director of Menumaster and Mr. Keith Smith, sales director of County Fair, trading subsidiaries of Birds Eye.

★

A new company has been established to handle Marchal automotive equipment in the UK. From January 1, Marchal marketing will be the responsibility of SEV (UK), the operation having been handed over by the

★

Mr. Alan Sutcliffe has been made marketing director on the board of DD LAMSON.

★

Mr. D. G. Stableford has resigned from board of RAGLAN PROPERTY TRUST for personal reasons.

★

Mr. Alan Sanders has been appointed sales director of FLOTEX, the Ripley-based carpet subsidiary of the Low and Bonar Group.

★

Dr. Norman R. Jones has become managing director (business development) of TOWMASTER TRANSPORT CO. Mr. Alan Monaghan will continue as managing director (operations). Towmaster is the transport division of the Arthur Bell Group and Dr. Jones will have the responsibility for developing the division's progress at home and overseas. He is also the development manager of the European and air transport division of the Pacific and Orient Steam Navigation Company.

★

J. H. FENNER AND CO. (HOLDINGS) has made the following divisional Board appointments: Mr. Derek Barlow, chief purchasing officer, and Mr. Clive J. Hill, group personnel and industrial relations manager, to the Boar dof J. H. Fenner and Co.; Mr. Graham J. Powell, personal assistant to the chief executive, to the Board of J. H. Fenner (Power Transmission); Mr. John M. Whisker, export manager, to the Board of Fenner International; and Mr. Ian F. Addison, works manager, to the Board of Fennamer.

★

Mr. Neil Y. Morrick is to join the board of CHILTERN MOTOR HOLDINGS on January 1 as chief executive of the newly-formed Motor Trade Division. He was previously managing director of Bristol Street Motors, Birmingham.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

CORAL INDEX: Close 477-482

INSURANCE BASE RATES

†Property Growth	11¾%
†Vanbrugh Guaranteed	10.87%

†Address shown under Insurance and Property Bond Table.

World Wide Growth Managementϕ
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd | $US14.98 | +0.12 | —

NOTES

Prices do not include $ premium, except where indicated ϕ, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ϕ. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	23½	.....	—	—
51	[illegible]	Do. 5pc Pref.	39xd	.....	—	—
98	95	Chilean Mixed	98	.....	—	13.10
415	350	German Yng. 4½pc	415	.....	4½	—
54	46	Greek 7pc Ass.	50	.....	3½	17.20
51	45	Do 6pc 28 Stab. Ass.	49	.....	6	16.24
44	40	Do 4pc Mixed Ass.	40	.....	4	15.13

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 43% (based on US$2.0320 per £)
Conversion factor 0.6991 (0.7071)

CANADIANS

S.E. List Premium 43% (based on $2.4082 per £)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INSURANCE

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY

Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London PS4.

Telephone: 01-248 8000.

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel. 240 555
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel. 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4120
Frankfurt: Frankenallee 71-81 6000 Frankfurt am Main 1. Telex 416052 Tel: 7598 234
Johannesburg: P.O. Box 2128. Telex 8-6257 Tel: 838-7545
Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
Moscow: Kutozovsky 14, Apartment 1, Moscow. Telex 7900 Tel: 243 1635
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.57.43
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848
Rome: Via della Mercede 55. Telex 610032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel. 50 60 88
Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004. Telex 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES.

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex 72484 Tel. 031-226 4139
Frankfurt: Frankenallee 68-72 6000 Frankfurt am Main 1. Telex 416193 Tel: 7598 221
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 238409 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86 01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

هكذا من الأصل

هكذا من الاصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex 25c	10	......	—	—	—
140	64	Bougainville 50 Toea	129	+1	†Q8c	1.4	3.9
131	63	BH South 50c	113	+1	—	—	—
820	150	Central Pacific	340	......	—	—	—
336	148	Conzinc Riotinto 50c.	292	+12	‡Q10c	2.2	‡
27	9½	Endeavour 20c	18½	......	—	—	—
75	45	G.M. Kalgoorlie $1	60	......	—	—	—
68	18	Haoma Gold N.L.	30	+2	—	—	—
158	81	Hamptn Areas 5p.	150	......	ϕ3.55	2.0	3.5
40	10	Metals Ex. 50c	24½	......	—	—	—
223	125	M.I.M. Hldgs. 50c	198	......	Q9c	1.7	2.8
22	10	Minefields Expl.	15	......	—	—	—
40	10	Mount Lyell 25c	35	......	—	—	—
56	12	Newmetal 20c	42	......	—	—	—
143	79	North B. Hill50c	107	......	Q8c	1.3	4.6
16½	8½	Nth. Kalgurli	11½	+½	—	—	—
50	12	Nth. West Mining	23	......	—	—	—
178	115	Oakbridge $A1	129	......	Q12c	1.9	10.4
42	10	††Otter Expl. N.L.	22	......	—	—	—
70	30	Pacific Copper	58	......	—	—	—
£15½	725	Pancont'l 25c	800	......	—	—	—
40	12	Paringa M&Ex.5p	18½	......	—	—	—
570	319	Peko-Wallsend 50c.	446	+4	Q15c	ϕ	2.1
300	50	Southern Pacific	150	−20	—	—	—
164	84	Westn. Mining 50c.	139	+1	Q3c	0.7	1.3
100	35	Whim Creek 20c	60	+5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	24	......	2.81	1.3	17.4
420	240	Ayer Hitam $M1	310	......	Q300c	0.5	20.8
60	45	Beralt Tin	56	......	4.0	ϕ	11.2
305	190	Berjuntai $M1	210	......	Q110c	1.0	11.3
185	111	Geevor	155	......	H5.57	5.8	5.4
11	8½	Gold & Base 12½p	10	......	—	—	—
350	220	Gopeng Cons.	295	......	†15.36	0.9	7.7
320	130	Hongkong	312xd	......	12.5	ϕ	6.0
93	70	Idris 10p	73	......	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	......	—	—	—
84	63	Kamunting $M0.50	64xd	......	†Q12.5c	2.1	4.2
640	450	Killinghall	620	......	Q128.36	ϕ	23.7
470	280	Malay Dredging $M1	345	......	Q175c	0.7	10.9
78	40	ΔPahang	43	......	—	—	—
78	50	Pengkalen 10p	60	......	6.60	1.3	16.4
270	165	Petaling $M1	210xd	......	Q120c	ϕ	12.3
87	49	Saint Piran	80	......	†2.03	6.5	3.9
70	47	South Crofty 10p	59	......	†4.19	2.0	10.9
245	140	South Kinta $M0.50	175	+10	†sQ145c	0.6	18.2
340	230	Sthn Malayan $M1	275	......	Q190c	1.0	14.8
240	134	Sungei Besi $M1	200xd	......	mQ65c	5.3	7.0
85	55	Supreme Corp. $M1	65	......	Z010c	—	3.3
103	84	Tanjong 15p	103	......	6.60	0.8	9.6
100	74	Tongkah Hrbr. $M1	85	......	Q35.82%	0.7	9.4
270	148	Tronoh $M1	195	......	‡Q88c	1.6	¢

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	56	......	—	—	—

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
68	35	Barymin	54	......	—	—	—
17	9	Burma Mines 17½p	13½	......	—	—	—
300	170	Cons. Murch. 10c.	170	......	‡Q30c	2.6	‡
465	245	Northgate C$1	370	......	—	—	—
265	164	R.T.Z.	228	......	9.5	2.8	6.2
90	30	Sabina Inds. C$1	40	......	—	—	—
£12	687	Tara Exptn. $1	712	......	—	—	—
185	120	Yukon Cons. C$1	170	......	Q7c	2.9	2.0

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
$15¼	$10¾	Buffels R1	$21½	+½	Q170c	1.8	17.0
$11¾	830c	East Drie R1	985c	+10	†Q78c	1.7	9.1
585c	330c	East Rand Prp. R1	390c	+15	—	—	—
$28⅞	$16½	F.S. Geduld 50c	$19½	+½	Q315c	ϕ	16.6
$15⅛	975c	Pres. Brand 50c	$11¼	+½	Q150c	ϕ	15.4
$13⅞	900c	St. Helena R1	$10¼	+¼	Q190c	ϕ	21.4
465c	313c	Stilfontein 50c	460c	+5	†Q22c	2.3	5.5
$18⅝	$16¼	Vaal Reefs 50c	$18½	+½	Q115c	3.3	7.2
$37	$25	West Drie R1	$32¼	......	Q385c	1.7	13.8
$31¼	$19	West Hldgs. 50c	$22½	+¼	Q415c	ϕ	21.3
$12½	895c	Western Deep R2	$10⅝	+¼	Q82.5c	2.4	9.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ≑ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 16

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	26	......
Ash Spinning	67	......
Bertam	15	......
Bdg'wtr. Est. 50p	323	......
Clover Croft	28	......
Craig & Rose £1	615xd	......
Dyson (R. A.) A	35	......
Ellis & McHdy	66	......
Evered	24	......
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	140	......
Higsons Brew	74	+1
Holt (Jos) 25p	252	......
I.O.M. Stm. £1	197	+2
N'thn. Goldsmith	74	......
Pearce (C. H.)	198	......
Peel Mills	22	......
Sheffield Brick	52	......
Sheff. Refrshmt.	67	......
Sindall (Wm.)	118	......

IRISH

Stock	Price	+ or —
Conv. 9% '80/82	£90	......
Alliance Gas	99	......
Arnott	370xd	......
Carroll (P.J.)	97	......
Clondalkin	102½	......
Concrete Prods.	130	......
Heiton (Hldgs.)	58	......
Ins. Corp.	168	......
Irish Ropes	105	......
Jacob	50	......
T.M.G.	190	......
Unidare	80	......

OPTIONS

3-month Call Rates

Stock	Rate
Industrials	
A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	11
Barclays Bank	25
Beecham	35
Boots	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	12
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	20
Guardian	18
G.K.N.	22
Hawker Sidd	26
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	28
Inveresk	8
KCA	3
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lots"	4
London Brick	5
Lonrho	5
Lucas Inds.	25
Lyons (J.)	10
"Mams"	7
Mrks. & Spncr	10
Midland Bank	25
N.E.I.	12
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	8
Plessey	8
R.H.M.	5
Rank Org. 'A'	18
Reed Intnl.	12
Spillers	3
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5
Property	
Brit. Land	3¼
Cap. Counties	4½
E.P.	5
Intreuropean	4
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	1¼
Oils	
Brit. Petroleum	45
Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20
Mines	
Charter Cons.	12
Cons. Gold	14
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page.

FINANCIAL TIMES
Thursday December 28 1978

BOUMEDIENNE'S DEATH POSES SUCCESSION QUESTION

Interim President for Algeria

BY FRANCIS GHILES

ALGIERS — Mr. Rabah Bitat, the National Assembly President, was sworn in yesterday as acting President of Algeria, following the death of President Houari Boumedienne.

President Boumedienne died in the Mustapha hospital, Algiers, yesterday, after going into a coma on November 18.

The Algerian leader, thought to be about 50 years old, had been in power since 1965 and was a dominant Third World statesman. He had suffered several ailments, including kidney failure and Waldenstrom's disease, a rare blood infection.

Mr. Bitat was sworn in for only a 45-day period and it is not clear who President Boumedienne's permanent successor will be, or by what process he will be chosen.

Yesterday Algiers radio broadcast verses from the Koran and short news bulletins. Forty days of mourning have been decreed. As Algiers absorbed the news of the President's death, the city became quiet, flags flew at half mast, and men and women cried in the streets.

Mr. Rabah Bitat: sworn in yesterday.

President Boumedienne had been absent from public life since late September. He went into hospital in November after a long visit to Moscow, which included medical treatment. In Algiers about 40 doctors from several countries — including the U.S., France, Sweden and Britain — assisted Algerian medical staff.

The immediate reaction of Algerians is to look to the Council of the Revolution which has run the country since President Boumedienne came to power. A major preoccupation is that there should be respect for the institutions he so painstakingly established over the last 2½ years.

The interim President took the oath before the National Assembly, at noon, less than nine hours after the President died.

But even though President Boumedienne's death was expected for several weeks, there has been no indication of who his successor will be. One question is whether he would be chosen from the Council of the Revolution, which is not mentioned in the constitution, adopted at the end of 1976 and was due to dissolve itself after the full congress of the ruling FLN party, due early next year.

The constitution lays down that the FLN should nominate the candidate, the choice then being ratified by the Algerian people. But the FLN has not held a congress since before 1965 and has no political bureau.

Instead the method used two years ago for the election of President Boumedienne might be used again—endorsement by a meeting of the 200 to 300 senior officers of the FLN. In any event, it seems unlikely that the late President's successor will be known for some time. The interim president is barred from nomination.

Institutions are accorded great importance in Algeria in view of the country's turbulent history. The bitter nine-year war of independence from France ended in 1962 having claimed 1m dead. President Boumedienne came to power in June 1965, ousting the then President Ahmed Ben Bella. A constitution was adopted in 1976 and elections confirmed Boumedienne as President. A new National Assembly was elected in 1977, the first since 1965.

Search for a leader Page 10

Canadian Pacific bids for pulp company

BY ROBERT GIBBENS

MONTREAL — Canadian Pacific, the transportation, industrial and resource group, yesterday bid for full control of MacMillan Bloedel, Canada's largest forest products company, in which it already has a 13.4 per cent stake.

The move adds to the confusion surrounding MacMillan Bloedel, which last week bought for C$75m (£31m) the 20 per cent controlling block of Domtar, the big east Canada pulp and paper, building materials and chemicals group.

The stake was previously held by Argus Corporation, the Toronto holding company which controls Massey-Ferguson, Hollinger Mines and Dominion Stores.

The announcement of that purchase followed a bid by Domtar for a minimum 51 per cent stake in MacMillan Bloedel. This was followed by MacMillan Bloedel's bidding just over C$100m (£41m) for sufficient Domtar shares to bring its stake up to 51 per cent.

The latest offer for MacMillan Bloedel is being made through Canadian Pacific's non-rail investments holding subsidiary, Canadian Pacific Investments. CPI is more than 80 per cent controlled by the parent, Canadian Pacific, with the balance of the stock in public hands.

CPI offers one of its convertible preferred shares or C$28 cash for each MacMillan Bloedel share which last traded in the market around C$22. Terms of the new preferred option will be made known later. The offer requires a minimum 51 per cent acceptance, though this condition may be waived. Domtar offered C$27.75, mainly in stock, for each MacMillan share.

Control

CPI is offering to pay just over C$200m (£83m) on the basis of the cash offer to build its present 13.4 per cent MacMillan holding to 51 per cent. If CPI took all the MacMillan shares it does not already own, the cost would be just over C$500m (£207m).

If the CPI bid succeeds, the group would control both MacMillan Bloedel and Domtar. CPI already owns Great Lakes Paper, a large newsprint and pulp producer in Ontario, and Canadian Pacific Logging in the west.

The four companies together would have annual sales of around C$4bn, more than half in export sales. About three quarters of MacMillan's sales of lumber, pulp and paper and packaging products are already sold in foreign markets, including the UK.

CPI said its offer will be made formally as soon as possible subject to legal requirements.

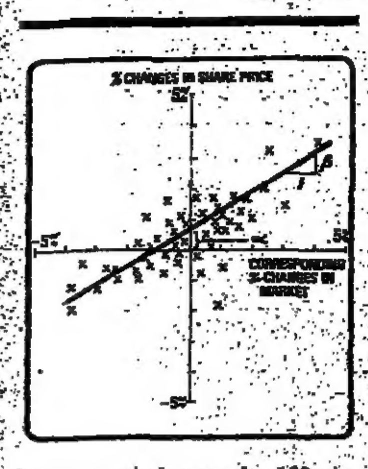
The status of the MacMillan Bloedel and Domtar counter offers for each other is now unclear.

Trading in shares of MacMillan Bloedel and Domtar has been suspended by the securities commission until tomorrow and trading in CPI was halted by the exchanges yesterday morning, pending news of the bid for MacMillan.

THE LEX COLUMN

How to achieve a beta performance

Index fell 1.1 to 478.2



Where the gunslingers once walked tall, actuaries and computers now lurk in the shadows. Risk analysis is the latest attempt to turn equity investment into a science, and UK fund managers are currently being introduced to the mysteries of a technique which is already commonplace in the U.S. Last week, brokers Rowe Rudd and Co. launched a highly sophisticated service on to the market place. The London Business School will be following suit in a few weeks time with a more modest (and cheaper) version.

Risk analysis is a simple and attractive theory cloaked under a blanket of jargon. At its most basic, the idea is that there is a direct trade-off between risk and return in investment—and that the risk can be identified, measured and controlled.

Familiar idea

All fund managers are familiar with the idea that certain sectors tend to perform better than others at different stages of the stock market cycle. In the early days of a bull phase, construction, hire purchase and property are among the groups which in the past have often led the market upwards. When the mood becomes more defensive, sectors like tobaccos or oils tend to find more favour.

Risk analysis puts numbers on this kind of empirical judgment. Its supporters claim that the fluctuations of a share price can be split into two main parts, and measured accordingly. One part is the market risk, which is associated with general market movements. The other is the non-market or "specific" risk, which is something special to that particular share or its sector, and makes it move when the market as a whole is going nowhere.

Market risk, or "beta," is the degree to which a share or portfolio of shares is sensitive to movements in the market as a whole. The beta of a share is the expected per cent change in its price for each 1 per cent movement in the market. If the theory is to stand up, one would expect a portfolio of shares with a high beta to perform better than the market as a whole when share prices are rising, and worse when they are falling.

This actually does seem to be what happens. Traditionally "defensive" sectors like tobaccos have a low beta, whereas the property sector has the highest beta in the market place. Calculations by the London Business School show that a portfolio of shares with the highest average beta jumped by 170 per cent in the first five months of 1975, when the market as a whole rose by 123 per cent (with dividends reinvested). A portfolio of shares with the lowest beta increased by just 37 per cent in the period.

When the market was falling by 26 per cent in the summer and autumn of 1976, the high beta stocks dropped by 32 per cent. Those with the lowest beta only eased back by 7 per cent.

Non-market or specific risk can be all but eliminated in a diversified portfolio. First National Finance is the share with the highest degree of specific risk in the UK market: its gyrations frequently seem to be quite unrelated to general market factors. But a broadly based investment trust would have almost no exposure to this kind of volatility.

How are these risks measured? Rowe Rudd's system, which is widely used in the U.S., is based on a five-year history of some 1,500 share prices. The percentage change in each price is calculated at four-weekly intervals, and a scatter diagram is then drawn of all these changes set against the changes in the All-Share Index over the corresponding period. The friendly computer then draws the best line it can out of this cloud of points on the diagram.

Beta and Alpha

Beta measures the slope of the line. Alpha measures the point where the line crosses the vertical axis, and represents the change in the share price over a four-week interval when the market does not move at all.

According to the London Business School, a number of advantages are to be gained from splitting risk into two components. The first is that whereas specific risk can be diversified away, market risk cannot be eliminated by sheer numbers. Therefore it is vitally important to calculate the exposure of a particular fund to general market movements. This information helps the fund manager to get his past performance into the correct perspective, and to construct his portfolio to meet his particular objectives.

Next, the distinction has important implications for the investment analyst. Someone who is good at picking out individual stocks and shares should concentrate his analytical efforts on those which have a relatively high specific risk. But when it comes to broad market trends, the main job is to get the fund's overall exposure in balance. Finally, the argument goes, this breakdown of risk gives a proper understanding of the way that risk relates to returns.

Indifference

However, there are far fewer business school graduates in the UK than there are in the U.S., which is one reason to think that fund managers here are going to be less willing to buy the concept. Brokers W. I. Carr tried to promote the idea in the late 1960s, but met with general indifference. And DataStream has been churning out beta calculations for some time without generating much interest.

In addition, the U.S. is much more preoccupied than the rest of the world with the idea of risk — thanks in large measure to ERISA (The Employees' Retirement Income Security Act of 1974). The prospect of being sued for making an imprudent investment helps to concentrate the mind no end, and the ideas of risk analysis neatly complement the Labour Department's yardsticks for what constitutes prudence. The wide acceptance of risk analysis in the U.S. has also been encouraged by another special factor — the gradual separation of investment services, and their individual pricing according to cost and demand. A manager who is charging the earth for what is in effect little more than an index fund can expect to have his fees queried sooner or later.

The conclusion is that fund managers outside the U.S. will be able to stick to more familiar market indicators, like sunspots or the length of hemlines, if they so choose. But the new services should be of value to those large, diversified funds which, because of their size, are obliged to remain pretty well fully invested for most of the time.

Land-Rover parts orders may go to outside suppliers

By Arthur Smith, Midlands Correspondent

BL CARS is considering placing valuable contracts with outside component suppliers to reduce the cost of its £280m plan for doubling Land-Rover and Range Rover output.

Jaguar Rover Triumph denies that pressure for economies has been exerted by the National Enterprise Board, BL's main shareholder. The move reflected "commercial logic" and the need to ensure the project showed a healthy profit return, the company said last night.

Ambitious plans for investment in axle, differential and gearbox facilities at Canley, Coventry, are under review. Quotations are being sought from outside suppliers as an alternative to producing the components in-house.

Firm decisions are expected early in the new year but JRT insists that implications for employment in Canley, where 7,500 people work, will not be serious. Up to 1,000 jobs, which might otherwise have been lost could be preserved if the full Land-Rover/Range Rover programme went ahead.

JRT has overcome one of the main obstacles to rapid progress on the expansion programme for the four-wheel drive vehicles. Shop stewards at the Solihull assembly plant, who have vigorously opposed night working, have now given a written commitment to operate a second shift on the Land-Rover and Range Rover lines.

The concession marks a significant breakthrough for the tough management line of putting a freeze on new investment until workers gave such a commitment. JRT will now be pressing the main BL board and the National Enterprise Board in the New Year for the release of funds.

JRT is expected to earn a small profit in the financial year to December 31. Total output has increased by about 7 per cent to more than 203,000 vehicles. In spite of the disruption to production caused by the transfer of TR7 sports car assembly from Speke, Liverpool, to Canley.

Production of Rover saloons more than doubled, and the company plans to sell the car in the U.S. and Japan.

Post Office plans international marketing company

BY MAX WILKINSON

THE POST OFFICE is hoping to announce early in the New Year the formation of an international marketing company for telephone exchange equipment.

The company is likely to be a joint venture between the Post Office, and the three manufacturers of switching equipment, the General Electric Company, Plessey and Standard Telephones and Cables, a subsidiary of ITT.

Final details have not yet been agreed between the three companies, but all agree that a new venture is urgently needed.

The Post Office's new generation of computer-controlled System X exchanges are to be shown to international customers at a major exhibition in Geneva in September. As yet, however, no method of selling the system has been agreed.

Each of the three UK manufacturers is designing and developing a different part of the system under the general supervision of the Post Office.

For the next few years, none of the companies will have the capacity to manufacture—and market—the whole system by themselves.

Sales in the early 1980s will have to be achieved by a co-operative effort. The Post Office will need to be involved closely in the marketing of System X, because only the Post Office has a comprehensive picture of the system.

Agreement between the companies has been made more difficult by the strong sense of competition and some mutual mistrust that has built up between the companies over the years.

Plessey and GEC, in particular, continue to be suspicious about what they regard as the ambiguous position of STC.

As a subsidiary of the U.S. company, ITT, STC could eventually find itself competing in overseas markets against the "System 12" computer-controlled exchanges developed by its parent company.

STC points out that it is run as a separate company from its parent, and that the confidentiality of System X design is strictly maintained.

However, the issues raised by this possible conflict of loyalties have presented a difficult hurdle in the formation of a joint marketing company.

For the time being, the National Enterprise Board appears to have abandoned its plans to act as midwife to a merger between Plessey and STC. The idea had been somewhat cautiously condemned by ITT. But a joint marketing company might possibly be considered as an initial step towards integrating the companies more closely.

One of the most important elements in the present negotiations is the question of whether a marketing company could exercise sufficient control over the manufacturing plants of other companies.

Turkey sets up special courts to prevent renewed rioting

BY OUR FOREIGN STAFF

THE TURKISH Government last night announced the establishment of special military courts in most big cities in a tough new step to prevent the renewal of rioting in which more than 100 people died over the weekend.

The announcement, which follows Tuesday's imposition of martial law in 13 of the country's 67 provinces, came shortly after Turkish Radio reported that at least two more people were murdered in political feuds.

The Government said 54 military judges and prosecutors had been appointed to the new courts in Istanbul, Ankara, Adana and four other cities. It also announced the setting up of the military courts to deal with trouble-makers following a meeting between Mr. Bulent Ecevit, the Prime Minister, and General Kenan Everen, the armed forces Chief of Staff.

Metin Munir writes from Ankara: Mr. Ecevit said yesterday that the purpose of martial law declared on Tuesday was to end terrorism not to suspend democracy.

In an interview Mr. Ecevit said: "The purpose of martial law is to end terrorism. It will not involve the suspension of the functioning of democratic institutions. It will be applied in a way that should protect the freedoms and human rights."

His government's commitment to democracy and "the traditional attachment of the Turkish army to democracy" would ensure this.

"The Turkish people are resolved to live in a peaceful and democratic society where human rights and democratic rights are unhindered by either suppressive measures or by physical force," he said.

In private the Turkish government is blaming the weekend riots in the eastern town of Maras, in which more than 100 people were shot dead, the worst riots in modern Turkish history, on Right-wing fanatics.

Turkey has been calm after the declaration of martial law. But as Mr. Ecevit himself admitted, it is too early to say whether it would succeed in restoring law and order. Over 800 people have lost their lives in political violence this year, mostly in clashes or riots involving either Right-wing or Left-wing fanatics or terrorists.

The army is maintaining a very low profile in Ankara and Istanbul. In the eastern provinces, however, generals in charge of martial law command have started taking restrictive measures. Rallies have been banned and the activities of all associations suspended. Officials say that thousands of troops are on their way to these provinces.

So far no dramatic measures like arrests or curfew have been taken.

It would appear that initially Mr. Ecevit may try to benefit from the "psychological" presence of the army before using it as a force to crack down. His desire is to avoid confrontation between troops and civilians as has occurred so disastrously in neighbouring Iran.

Continued from Page 1

Iran

petrol will be affected but also kerosene, widely used in cooking, and heating oil.

The past few days have seen long queues outside petrol stations, and kerosene has frequently been sold under supervision of soldiers and police.

Parliament met in special session during its winter recess. It appointed a commission to investigate public complaints and discussed the discontent and industrial unrest.

In today's violence in the capital, opposition groups claimed that eight people were shot dead as groups of youths taunted troops, setting fire to vehicles at many road junctions before being dispersed by shots fired in the air.

One procession of about 6,000 carrying the body of a university lecturer shot the previous day was dispersed by more than 30 minutes of continuous firing by soldiers using automatic and semi-automatic weapons.

I was caught up in the procession. When the firing broke out some 30 yards away, I took refuge in a first-floor flat with about 50 people.

As we crouched in the Hall, not daring to look out of the windows, firing by the soldiers went on continuously. It was an hour before it was safe to leave. Others in the apartment claimed to have seen a soldier shoot two officers before committing suicide with his own rifle.

As I left the flat ambulances were still at work in the street.

Cheap Australia flights in demand

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOTH British Airways and Qantas Airways are experiencing heavy demand for the new cheap fares between the UK and Australia, which were announced at the end of last week and take effect on February 1.

The new "Super Apex" — Advanced Purchase Excursion —fares were announced just before Christmas, with bookings starting immediately.

Throughout the holiday, both airlines were swamped with inquiries and reservations, with the result that virtually all flights in February are full, and many of those in March are filling up rapidly.

The two airlines expect to carry an additional 100,000 passengers a year on the "Kangaroo route" as a result of the cheap fares, adding more than £50m a year to their joint revenues.

The new fares cut more than £100 off the present cheapest rates between London and Sydney, Melbourne and Brisbane.

The new return rates (with the existing cheapest rates in brackets) are £334 (£450) in the off-peak months of March, April, May, and in November; £512 (£550) in the "shoulder" months of February, June and July; and £588 (£630) in the peak months of January, August, September, October and December.

For flights in February, an advance booking period of 21 days is required, rising to 30 days for flights in March, and 45 days for flights thereafter.

New cheap one-way fares—costing £254 in the off-peak months, £313 in the shoulder period and £342 in the peak months—are also available on the London to Sydney, Melbourne and Brisbane route. Fares for the London-Perth/Darwin route are a little cheaper.

Another condition of these cheap flights is that passengers must travel end-to-end, with no stop-overs.

This latter condition has been of particular concern to countries in South-East Asia, such as Singapore, which in the past have benefited considerably from passengers breaking their journeys between Australia and Europe for a few days.

To meet complaints from Singapore and Malaysia that the new fares would severely damage their tourist trade, another type of cheap (but more expensive than the fares already announced) UK-Australia promotional fare is to be introduced which will allow stop-overs.

Talks on this between the UK, Australia and the intermediate countries are still in progress, but a statement is expected soon.

British Airways says that the new cheap fares work out at about 1.5p per mile, which compares with about 1.84p per mile for the Laker Skytrain flights between London and New York. It claims, therefore, that the new rates represent one of the best air travel bargains available.

Both airlines expect that as a result of the new fares, they will have to buy more Boeing 747 Jumbo jets to meet the growth in traffic.

In Sydney, Sir Lenox Hewitt, chairman of Qantas, said: "we anticipate adding to our fleet of Boeing 747Bs in 1979 to meet the demand that these new fares will generate."

Weather

UK TODAY

CLOUDY with outbreaks of rain. Mild in south, cold winds in north.

London, S.E., Cent. South Eng., Channel Is., S.W.

Cloudy, occasional showers. Max. 11C (52F).

E. Anglia, S. Midlands, E. Coast, W. Midlands, N.W. Eng., N. Midlands

Cloudy, some rain. Max. 7C (45F).

Lakes, N.E., S. Scotland, Argyll, Cent. Scotland, Western Is.

Rain, sleet and some snow. Max. 4C (39F).

E. Scotland, Cent. Highlands, Highlands, Orkney and Shetland

Some snow showers. Max. 2C (36F).

Outlook: Colder.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	C	16	43	Luxmbg.	C	7	45
Athens	F	14	57	Madrid	F	13	55
Bahrain	C	22	72	Mnchsr.	C	9	48
Bcelona.	Fg	12	54	Melbne.	S	21	70
Beirut	F	18	64	Mex. C.	F	22	72
Belfast	R	7	45	Milan	R	3	37
Belgrade	F	4	39	Montrl.	C	—3	27
Berlin	C	6	43	Moscow	Sn	—6	21
B'ham	R	8	46	Munich	C	7	45
Bristol	R	9	48	Nwcstl.	R	7	45
Brussels	C	10	50	N. York	C	5	41
Budapest	Fg	4	39	Oslo	Sn	—9	16
B. Aires	S	30	86	Paris	C	11	52
Cairo	C	21	70	Prague	F	7	45
Cardiff	C	9	48	Reykjvk.	S	—1	30
Chicago	F	—7	19	Rio J'o	C	23	73
Cologne	C	8	46	Rome	F	15	59
Copnhn.	Sn	—2	28	S. Frsco.	C	7	45
Dublin	R	9	48	Singpr.	C	31	88
Ednbgh.	R	5	41	Stckhm.	F	—9	16
Frankft.	F	7	45	Strasbrg.	F	11	52
Geneva	S	7	45	Sydney	C	27	81
Glasgow	R	5	41	Tel Aviv	F	18	64
Helsinki	S	—18	0	Tokyo	C	14	57
H. Kong	F	24	75	Toronto	C	—2	28
Jo'burg	C	26	79	Vienna	F	4	39
L. Angls.	C	17	63	Warsaw	C	3	37
Lisbon	R	15	59	Zurich	S	6	43
London	C	10	50				

HOLIDAY RESORTS

Ajaccio	F	18	64	Jersey	R	10	50
Algiers	C	21	70	L. Plms.	F	20	68
Biarritz	F	18	64	Locarno	S	4	39
Blackpool	R	7	45	Majorca	C	16	61
Bordeaux	C	12	54	Malaga	C	15	59
Boulogne	C	9	48	Malta	F	17	63
Cblnca.	R	15	59	Nairobi	R	20	68
Corfu	S	16	61	Naples	F	14	57
Dbrvnk.	F	13	55	Nice	C	12	54
Faro	F	18	64	Nicosia	F	17	63
Florence	F	8	46	Oporto	C	14	57
Funchal	F	19	66	Rhodes	R	14	57
Gibrltr.	R	15	59	Salzbg.	C	6	43
Guernsey	R	10	50	Tangier	R	15	59
Innsbrk.	S	6	43	Tenerife	C	14	57
Invrnss.	C	3	37	Tunis	S	20	68
I. Man	R	8	46	Valencia	C	11	52
Istanbul	F	11	52	Venice	Fg	2	36

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow. Fg—Fog.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.

هكذا من الأهل